

SENATE MOTION

MADAM PRESIDENT:

I move that Engrossed House Bill 1001 be amended to read as follows:

- 1 Delete everything after the enacting clause and insert the following:
- 2 SECTION 1. IC 4-33-12-6, AS AMENDED BY P.L.233-2007,
- 3 SECTION 16, AND AS AMENDED BY P.L.234-2007, SECTION
- 4 280, IS CORRECTED AND AMENDED TO READ AS FOLLOWS
- 5 [EFFECTIVE JANUARY 1, 2009]: Sec. 6. (a) The department shall
- 6 place in the state general fund the tax revenue collected under this
- 7 chapter.
- 8 (b) Except as provided by subsections (c) and (d), ~~and~~
- 9 ~~IC 6-3.1-20-7~~, the treasurer of state shall quarterly pay the following
- 10 amounts:
- 11 (1) Except as provided in subsection (k), one dollar (\$1) of the
- 12 admissions tax collected by the licensed owner for each person
- 13 embarking on a gambling excursion during the quarter or
- 14 admitted to a riverboat that has implemented flexible scheduling
- 15 under IC 4-33-6-21 during the quarter shall be paid to:
- 16 (A) the city in which the riverboat is docked, if the city:
- 17 (i) is located in a county having a population of more than
- 18 one hundred ten thousand (110,000) but less than one
- 19 hundred fifteen thousand (115,000); or
- 20 (ii) is contiguous to the Ohio River and is the largest city in
- 21 the county; and
- 22 (B) the county in which the riverboat is docked, if the
- 23 riverboat is not docked in a city described in clause (A).
- 24 (2) Except as provided in subsection (k), one dollar (\$1) of the
- 25 admissions tax collected by the licensed owner for each person:
- 26 (A) embarking on a gambling excursion during the quarter; or
- 27 (B) admitted to a riverboat during the quarter that has
- 28 implemented flexible scheduling under IC 4-33-6-21;
- 29 shall be paid to the county in which the riverboat is docked. In the
- 30 case of a county described in subdivision (1)(B), this one dollar
- 31 (\$1) is in addition to the one dollar (\$1) received under

subdivision (1)(B).

(3) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the county convention and visitors bureau or promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), fifteen cents (\$0.15) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the state fair commission, for use in any activity that the commission is authorized to carry out under IC 15-1.5-3.

(5) Except as provided in subsection (k), ten cents (\$0.10) of the admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The division shall allocate at least twenty-five percent (25%) of the funds derived from the admissions tax to the prevention and treatment of compulsive gambling.

(6) Except as provided in subsection (k) *and section 7 of this chapter*, sixty-five cents (\$0.65) of the admissions tax collected by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(c) With respect to tax revenue collected from a riverboat located in a historic hotel district, the treasurer of state shall quarterly pay the following amounts:

(1) ~~Twenty-five~~ Twenty-two percent ~~(25%)~~ (22%) of the

admissions tax collected during the quarter shall be paid to the county treasurer of the county in which the riverboat is docked. The county treasurer shall distribute the money received under this subdivision as follows:

(A) ~~Twenty~~ *Twenty-two and seventy-five hundredths* percent ~~(20%)~~ (22.75%) shall be quarterly distributed to the county treasurer of a county having a population of more than thirty-nine thousand six hundred (39,600) but less than forty thousand (40,000) for appropriation by the county fiscal body after receiving a recommendation from the county executive. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(B) ~~Twenty~~ *Twenty-two and seventy-five hundredths* percent ~~(20%)~~ (22.75%) shall be quarterly distributed to the county treasurer of a county having a population of more than ten thousand seven hundred (10,700) but less than twelve thousand (12,000) for appropriation by the county fiscal body. The county fiscal body for the receiving county shall provide for the distribution of the money received under this clause to one (1) or more taxing units (as defined in IC 6-1.1-1-21) in the county under a formula established by the county fiscal body after receiving a recommendation from the county executive.

(C) ~~Sixty~~ *Fifty-four and five-tenths* percent ~~(60%)~~ (54.5%) shall be retained by the county where the riverboat is docked for appropriation by the county fiscal body after receiving a recommendation from the county executive. ~~The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body.~~

~~(i)~~ (2) Five percent (5%) of the admissions tax collected during the quarter shall be paid to a town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). *At least twenty percent (20%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.*

~~(ii)~~ (3) Five percent (5%) of the admissions tax collected during the quarter shall be paid to a town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three

hundred (19,300) but less than twenty thousand (20,000). *At least twenty percent (20%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.*

~~(2) Sixteen~~ (4) Twenty percent ~~(16%)~~ (20%) of the admissions tax collected during the quarter shall be paid in equal amounts to each town that:

(A) is located in the county in which the riverboat docks; and

(B) contains a historic hotel.

The town council shall appropriate a part of the money received by the town under this subdivision to the budget of the town's tourism commission. At least twenty percent (20%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.

~~(3) Nine~~ (5) Ten percent ~~(9%)~~ (10%) of the admissions tax collected during the quarter shall be paid to the *historic hotel preservation* Orange County development commission established under IC 36-7-11.5. *At least one-third (1/3) of the taxes paid to the Orange County development commission under this subdivision must be transferred to the Orange County convention and visitors bureau.*

~~(4) Twenty-five~~ (6) Thirteen percent ~~(25%)~~ (13%) of the admissions tax collected during the quarter shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b).

~~(5)~~ (7) Twenty-five percent (25%) of the admissions tax collected during the quarter shall be paid to the Indiana economic development corporation to be used by the corporation for the development and implementation of a regional economic development strategy to assist the residents of the county in which the riverboat is located and residents of contiguous counties in improving their quality of life and to help promote successful and sustainable communities. The regional economic development strategy must include goals concerning the following issues:

(A) Job creation and retention.

(B) Infrastructure, including water, wastewater, and storm water infrastructure needs.

(C) Housing.

(D) Workforce training.

(E) Health care.

(F) Local planning.

(G) Land use.

(H) Assistance to regional economic development groups.

(I) Other regional development issues as determined by the Indiana economic development corporation.

(d) With respect to tax revenue collected from a riverboat that operates from a county having a population of more than four hundred

thousand (400,000) but less than seven hundred thousand (700,000),
the treasurer of state shall quarterly pay the following amounts:

(1) Except as provided in subsection (k), one dollar (\$1) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;
shall be paid to the city in which the riverboat is docked.

(2) Except as provided in subsection (k), one dollar (\$1) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;
shall be paid to the county in which the riverboat is docked.

(3) Except as provided in subsection (k), nine cents (\$0.09) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;
shall be paid to the county convention and visitors bureau or

promotion fund for the county in which the riverboat is docked.

(4) Except as provided in subsection (k), one cent (\$0.01) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;
shall be paid to the northwest Indiana law enforcement training

center.

(5) Except as provided in subsection (k), fifteen cents (\$0.15) of
the admissions tax collected by the licensed owner for each
person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during a quarter that has
implemented flexible scheduling under IC 4-33-6-21;
shall be paid to the state fair commission for use in any activity

that the commission is authorized to carry out under IC 15-1.5-3.

(6) Except as provided in subsection (k), ten cents (\$0.10) of the
admissions tax collected by the licensed owner for each person:

(A) embarking on a gambling excursion during the quarter; or

(B) admitted to a riverboat during the quarter that has
implemented flexible scheduling under IC 4-33-6-21;

shall be paid to the division of mental health and addiction. The
division shall allocate at least twenty-five percent (25%) of the
funds derived from the admissions tax to the prevention and
treatment of compulsive gambling.

(7) Except as provided in subsection (k) *and section 7 of this
chapter*, sixty-five cents (\$0.65) of the admissions tax collected

by the licensed owner for each person embarking on a gambling excursion during the quarter or admitted to a riverboat during the quarter that has implemented flexible scheduling under IC 4-33-6-21 shall be paid to the Indiana horse racing commission to be distributed as follows, in amounts determined by the Indiana horse racing commission, for the promotion and operation of horse racing in Indiana:

(A) To one (1) or more breed development funds established by the Indiana horse racing commission under IC 4-31-11-10.

(B) To a racetrack that was approved by the Indiana horse racing commission under IC 4-31. The commission may make a grant under this clause only for purses, promotions, and routine operations of the racetrack. No grants shall be made for long term capital investment or construction, and no grants shall be made before the racetrack becomes operational and is offering a racing schedule.

(e) Money paid to a unit of local government under subsection (b)(1) through (b)(2), (c)(1) through ~~(c)(2)~~, (c)(4), or (d)(1) through (d)(2):

(1) must be paid to the fiscal officer of the unit and may be deposited in the unit's general fund or riverboat fund established under IC 36-1-8-9, or both;

(2) may not be used to reduce the unit's maximum levy under IC 6-1.1-18.5 but may be used at the discretion of the unit to reduce the property tax levy of the unit for a particular year;

(3) may be used for any legal or corporate purpose of the unit, including the pledge of money to bonds, leases, or other obligations under IC 5-1-14-4; and

(4) is considered miscellaneous revenue.

(f) Money paid by the treasurer of state under subsection (b)(3) or (d)(3) shall be:

(1) deposited in:

(A) the county convention and visitor promotion fund; or

(B) the county's general fund if the county does not have a convention and visitor promotion fund; and

(2) used only for the tourism promotion, advertising, and economic development activities of the county and community.

(g) Money received by the division of mental health and addiction under subsections (b)(5) and (d)(6):

(1) is annually appropriated to the division of mental health and addiction;

(2) shall be distributed to the division of mental health and addiction at times during each state fiscal year determined by the budget agency; and

(3) shall be used by the division of mental health and addiction for programs and facilities for the prevention and treatment of addictions to drugs, alcohol, and compulsive gambling, including

the creation and maintenance of a toll free telephone line to provide the public with information about these addictions. The division shall allocate at least twenty-five percent (25%) of the money received to the prevention and treatment of compulsive gambling.

(h) This subsection applies to the following:

- (1) Each entity receiving money under subsection (b).
- (2) Each entity receiving money under subsection (d)(1) through (d)(2).
- (3) Each entity receiving money under subsection (d)(5) through (d)(7).

The treasurer of state shall determine the total amount of money paid by the treasurer of state to an entity subject to this subsection during the state fiscal year 2002. The amount determined under this subsection is the base year revenue for each entity subject to this subsection. The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(i) This subsection applies to an entity receiving money under subsection (d)(3) or (d)(4). The treasurer of state shall determine the total amount of money paid by the treasurer of state to the entity described in subsection (d)(3) during state fiscal year 2002. The amount determined under this subsection multiplied by nine-tenths (0.9) is the base year revenue for the entity described in subsection (d)(3). The amount determined under this subsection multiplied by one-tenth (0.1) is the base year revenue for the entity described in subsection (d)(4). The treasurer of state shall certify the base year revenue determined under this subsection to each entity subject to this subsection.

(j) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the total amount of money distributed to an entity under this section during a state fiscal year may not exceed the entity's base year revenue as determined under subsection (h) or (i). If the treasurer of state determines that the total amount of money distributed to an entity under this section during a state fiscal year is less than the entity's base year revenue, the treasurer of state shall make a supplemental distribution to the entity under IC 4-33-13-5(g).

(k) This subsection does not apply to an entity receiving money under subsection (c). For state fiscal years beginning after June 30, 2002, the treasurer of state shall pay that part of the riverboat admissions taxes that:

- (1) ~~exceed~~ exceeds a particular entity's base year revenue; and
 - (2) would otherwise be due to the entity under this section;
- to the property tax replacement fund instead of to the entity.

SECTION 2. IC 4-33-13-5, AS AMENDED BY P.L.233-2007, SECTION 19, AND AS AMENDED BY P.L.234-2007, SECTION 281, IS CORRECTED AND AMENDED TO READ AS FOLLOWS

[EFFECTIVE JANUARY 1, 2009]: Sec. 5. (a) This subsection does not apply to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue deposited in the state gaming fund under this chapter to the following:

(1) The first thirty-three million dollars (\$33,000,000) of tax revenues collected under this chapter shall be set aside for revenue sharing under subsection (e).

(2) Subject to subsection (c), twenty-five percent (25%) of the remaining tax revenue remitted by each licensed owner shall be paid:

(A) to the city that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of:

(i) a city described in IC 4-33-12-6(b)(1)(A); or

(ii) a city located in a county having a population of more than four hundred thousand (400,000) but less than seven hundred thousand (700,000); or

(B) to the county that is designated as the home dock of the riverboat from which the tax revenue was collected, in the case of a riverboat whose home dock is not in a city described in clause (A).

(3) Subject to subsection (d), the remainder of the tax revenue remitted by each licensed owner shall be paid to the property tax replacement fund. In each state fiscal year, the treasurer of state shall make the transfer required by this subdivision not later than the last business day of the month in which the tax revenue is remitted to the state for deposit in the state gaming fund. However, if tax revenue is received by the state on the last business day in a month, the treasurer of state may transfer the tax revenue to the property tax replacement fund in the immediately following month.

(b) This subsection applies only to tax revenue remitted by an operating agent operating a riverboat in a historic hotel district. After funds are appropriated under section 4 of this chapter, each month the treasurer of state shall distribute the tax revenue *deposited in the state gaming fund remitted by the operating agent* under this chapter as follows:

(1) Thirty-seven and one-half percent (37.5%) shall be paid to the property tax replacement fund established under IC 6-1.1-21.

(2) ~~Thirty-seven and one-half~~ Nineteen percent ~~(37.5%)~~ (19%) shall be paid to the West Baden Springs historic hotel preservation and maintenance fund established by IC 36-7-11.5-11(b). However, at any time the balance in that fund exceeds twenty million dollars (\$20,000,000), the amount described in this subdivision shall be paid to the property tax

1 replacement fund established under IC 6-1.1-21.

2 (3) *Five Eight* percent ~~(5%)~~ (8%) shall be paid to the *historic*
3 *hotel preservation* Orange County development commission
4 established under IC 36-7-11.5.

5 (4) ~~Ten~~ Sixteen percent ~~(10%)~~ (16%) shall be paid in equal
6 amounts to each town that ~~(A)~~ is located in the county in which
7 the riverboat docks and ~~(B)~~ contains a historic hotel. ~~The town~~
8 ~~council shall appropriate a part of the money received by the~~
9 ~~town under this subdivision to the budget of the town's tourism~~
10 ~~commission. The following apply to taxes received by a town~~
11 ~~under this subdivision:~~

12 (A) At least twenty-five percent (25%) of the taxes must be
13 transferred to the school corporation in which the town is
14 located.

15 (B) At least twelve and five-tenths percent (12.5%) of the taxes
16 must be transferred to the Orange County convention and
17 visitors bureau.

18 (5) ~~Ten~~ Nine percent ~~(10%)~~ (9%) shall be paid to the county
19 treasurer of the county in which the riverboat is docked. The
20 county treasurer shall distribute the money received under this
21 subdivision as follows:

22 (A) ~~Twenty~~ Twenty-two and twenty-five hundredths percent
23 ~~(20%)~~ (22.25%) shall be quarterly distributed to the county
24 treasurer of a county having a population of more than
25 thirty-nine thousand six hundred (39,600) but less than forty
26 thousand (40,000) for appropriation by the county fiscal body
27 after receiving a recommendation from the county executive.
28 The county fiscal body for the receiving county shall provide
29 for the distribution of the money received under this clause to
30 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
31 the county under a formula established by the county fiscal
32 body after receiving a recommendation from the county
33 executive.

34 (B) ~~Twenty~~ Twenty-two and twenty-five hundredths percent
35 ~~(20%)~~ (22.25%) shall be quarterly distributed to the county
36 treasurer of a county having a population of more than ten
37 thousand seven hundred (10,700) but less than twelve
38 thousand (12,000) for appropriation by the county fiscal body
39 after receiving a recommendation from the county executive.
40 The county fiscal body for the receiving county shall provide
41 for the distribution of the money received under this clause to
42 one (1) or more taxing units (as defined in IC 6-1.1-1-21) in
43 the county under a formula established by the county fiscal
44 body after receiving a recommendation from the county
45 executive.

46 (C) ~~Sixty~~ Fifty-five and five-tenths percent ~~(60%)~~ (55.5%) shall
47 be retained by the county where the riverboat is docked for

appropriation by the county fiscal body after receiving a recommendation from the county executive. *The county fiscal body shall provide for the distribution of part or all of the money received under this clause to the following under a formula established by the county fiscal body.*

~~(f)~~ (6) Five percent (5%) shall be paid to a town having a population of more than two thousand two hundred (2,200) but less than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). *At least forty percent (40%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.*

~~(f)~~ (7) Five percent (5%) shall be paid to a town having a population of more than three thousand five hundred (3,500) located in a county having a population of more than nineteen thousand three hundred (19,300) but less than twenty thousand (20,000). *At least forty percent (40%) of the taxes received by a town under this subdivision must be transferred to the school corporation in which the town is located.*

(8) Five-tenths percent (0.5%) shall be paid to the Orange County convention and visitors bureau.

(c) For each city and county receiving money under subsection (a)(2), the treasurer of state shall determine the total amount of money paid by the treasurer of state to the city or county during the state fiscal year 2002. The amount determined is the base year revenue for the city or county. The treasurer of state shall certify the base year revenue determined under this subsection to the city or county. The total amount of money distributed to a city or county under this section during a state fiscal year may not exceed the entity's base year revenue. For each state fiscal year, the treasurer of state shall pay that part of the riverboat wagering taxes that:

- (1) exceeds a particular city's or county's base year revenue; and
- (2) would otherwise be due to the city or county under this section;

to the property tax replacement fund instead of to the city or county.

(d) Each state fiscal year the treasurer of state shall transfer from the tax revenue remitted to the property tax replacement fund under subsection (a)(3) to the build Indiana fund an amount that when added to the following may not exceed two hundred fifty million dollars (\$250,000,000):

- (1) Surplus lottery revenues under IC 4-30-17-3.
- (2) Surplus revenue from the charity gaming enforcement fund under IC 4-32.2-7-7.
- (3) Tax revenue from pari-mutuel wagering under IC 4-31-9-3.

The treasurer of state shall make transfers on a monthly basis as needed to meet the obligations of the build Indiana fund. If in any state fiscal

year insufficient money is transferred to the property tax replacement fund under subsection (a)(3) to comply with this subsection, the treasurer of state shall reduce the amount transferred to the build Indiana fund to the amount available in the property tax replacement fund from the transfers under subsection (a)(3) for the state fiscal year.

(e) Before August 15 of each year, the treasurer of state shall distribute the wagering taxes set aside for revenue sharing under subsection (a)(1) to the county treasurer of each county that does not have a riverboat according to the ratio that the county's population bears to the total population of the counties that do not have a riverboat. Except as provided in subsection (h), the county auditor shall distribute the money received by the county under this subsection as follows:

(1) To each city located in the county according to the ratio the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be retained by the county.

(f) Money received by a city, town, or county under subsection (e) or (h) may be used for any of the following purposes:

(1) To reduce the property tax levy of the city, town, or county for a particular year (a property tax reduction under this subdivision does not reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5).

(2) For deposit in a special fund or allocation fund created under IC 8-22-3.5, IC 36-7-14, IC 36-7-14.5, IC 36-7-15.1, and IC 36-7-30 to provide funding for additional credits for property tax replacement in property tax increment allocation areas or debt repayment.

(3) To fund sewer and water projects, including storm water management projects.

(4) For police and fire pensions.

(5) To carry out any governmental purpose for which the money is appropriated by the fiscal body of the city, town, or county. Money used under this subdivision does not reduce the property tax levy of the city, town, or county for a particular year or reduce the maximum levy of the city, town, or county under IC 6-1.1-18.5.

(g) This subsection does not apply to an entity receiving money under IC 4-33-12-6(c). Before September 15 of each year, the treasurer of state shall determine the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year. If the treasurer of state determines that the total amount of money distributed to an entity under IC 4-33-12-6 during the preceding state fiscal year was less than the entity's base year revenue (as determined under IC 4-33-12-6), the treasurer of state shall make a supplemental

distribution to the entity from taxes collected under this chapter and deposited into the property tax replacement fund. *Except as provided in subsection (i), the amount of ~~the~~ an entity's supplemental distribution is equal to:*

(1) the entity's base year revenue (as determined under IC 4-33-12-6); minus

(2) ~~the sum of:~~

~~(A) the total amount of money distributed to the entity during the preceding state fiscal year under IC 4-33-12-6. plus~~

~~(B) any amounts deducted under IC 6-3.1-20-7.~~

(h) This subsection applies only to a county containing a consolidated city. The county auditor shall distribute the money received by the county under subsection (e) as follows:

(1) To each city, other than a consolidated city, located in the county according to the ratio that the city's population bears to the total population of the county.

(2) To each town located in the county according to the ratio that the town's population bears to the total population of the county.

(3) After the distributions required in subdivisions (1) and (2) are made, the remainder shall be paid in equal amounts to the consolidated city and the county.

(i) This subsection applies only to the Indiana horse racing commission. For each state fiscal year the amount of the Indiana horse racing commission's supplemental distribution under subsection (g) must be reduced by the amount required to comply with IC 4-33-12-7(a).

SECTION 3. IC 6-1.1-18.5-13, AS AMENDED BY P.L.196-2007, SECTION 2, AND AS AMENDED BY P.L.224-2007, SECTION 25, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 13. With respect to an appeal filed under section 12 of this chapter, the local government tax control board (*before January 1, 2009*) or the county board of tax and capital projects review (*after December 31, 2008*) may recommend that a civil taxing unit receive any one (1) or more of the following types of relief:

(1) *A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.*

Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if in the judgment of the local government tax control board the increase is reasonably necessary due to increased costs of the civil taxing unit resulting from annexation, consolidation, or other extensions of governmental services by the civil taxing unit to additional geographic areas or persons.

(2) *A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.*

Permission to the civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter, if the

1 local government tax control board finds that the civil taxing unit
 2 needs the increase to meet the civil taxing unit's share of the costs
 3 of operating a court established by statute enacted after December
 4 31, 1973. Before recommending such an increase, the local
 5 government tax control board shall consider all other revenues
 6 available to the civil taxing unit that could be applied for that
 7 purpose. The maximum aggregate levy increases that the local
 8 government tax control board may recommend for a particular
 9 court equals the civil taxing unit's estimate of the unit's share of
 10 the costs of operating a court for the first full calendar year in
 11 which it is in existence. For purposes of this subdivision, costs of
 12 operating a court include:

- 13 (A) the cost of personal services (including fringe benefits);
- 14 (B) the cost of supplies; and
- 15 (C) any other cost directly related to the operation of the court.

16 (3) Permission to the civil taxing unit to increase its levy in excess
 17 of the limitations established under section 3 of this chapter, if the
 18 local government tax control board finds that the quotient
 19 determined under STEP SIX of the following formula is equal to
 20 or greater than one and two-hundredths (1.02):

21 STEP ONE: Determine the three (3) calendar years that most
 22 immediately precede the ensuing calendar year and in which
 23 a statewide general reassessment of real property *or the initial*
 24 *annual adjustment of the assessed value of real property*
 25 *under IC 6-1.1-4-4.5* does not first become effective.

26 STEP TWO: Compute separately, for each of the calendar
 27 years determined in STEP ONE, the quotient (rounded to the
 28 nearest ten-thousandth (0.0001)) of the sum of the civil taxing
 29 unit's total assessed value of all taxable property and the total
 30 assessed value of property tax deductions in the unit under
 31 ~~IC 6-1.1-12-41~~ or IC 6-1.1-12-42 in the particular calendar
 32 year, divided by the sum of the civil taxing unit's total assessed
 33 value of all taxable property and the total assessed value of
 34 property tax deductions in the unit under ~~IC 6-1.1-12-41~~ or
 35 IC 6-1.1-12-42 in the calendar year immediately preceding the
 36 particular calendar year.

37 STEP THREE: Divide the sum of the three (3) quotients
 38 computed in STEP TWO by three (3).

39 STEP FOUR: Compute separately, for each of the calendar
 40 years determined in STEP ONE, the quotient (rounded to the
 41 nearest ten-thousandth (0.0001)) of the sum of the total
 42 assessed value of all taxable property in all counties and the
 43 total assessed value of property tax deductions in all counties
 44 under ~~IC 6-1.1-12-41~~ or IC 6-1.1-12-42 in the particular
 45 calendar year, divided by the sum of the total assessed value
 46 of all taxable property in all counties and the total assessed
 47 value of property tax deductions in all counties under

- 1 ~~IC 6-1.1-12-41~~ or IC 6-1.1-12-42 in the calendar year
 2 immediately preceding the particular calendar year.
- 3 STEP FIVE: Divide the sum of the three (3) quotients
 4 computed in STEP FOUR by three (3).
- 5 STEP SIX: Divide the STEP THREE amount by the STEP
 6 FIVE amount.
- 7 The civil taxing unit may increase its levy by a percentage not
 8 greater than the percentage by which the STEP THREE amount
 9 exceeds the percentage by which the civil taxing unit may
 10 increase its levy under section 3 of this chapter based on the
 11 assessed value growth quotient determined under section 2 of this
 12 chapter.
- 13 (4) *A levy increase may not be granted under this subdivision for*
 14 *property taxes first due and payable after December 31, 2009.*
 15 Permission to the civil taxing unit to increase its levy in excess of
 16 the limitations established under section 3 of this chapter, if the
 17 local government tax control board finds that the civil taxing unit
 18 needs the increase to pay the costs of furnishing fire protection for
 19 the civil taxing unit through a volunteer fire department. For
 20 purposes of determining a township's need for an increased levy,
 21 the local government tax control board shall not consider the
 22 amount of money borrowed under IC 36-6-6-14 during the
 23 immediately preceding calendar year. However, any increase in
 24 the amount of the civil taxing unit's levy recommended by the
 25 local government tax control board under this subdivision for the
 26 ensuing calendar year may not exceed the lesser of:
- 27 (A) ten thousand dollars (\$10,000); or
- 28 (B) twenty percent (20%) of:
- 29 (i) the amount authorized for operating expenses of a
 30 volunteer fire department in the budget of the civil taxing
 31 unit for the immediately preceding calendar year; plus
- 32 (ii) the amount of any additional appropriations authorized
 33 during that calendar year for the civil taxing unit's use in
 34 paying operating expenses of a volunteer fire department
 35 under this chapter; minus
- 36 (iii) the amount of money borrowed under IC 36-6-6-14
 37 during that calendar year for the civil taxing unit's use in
 38 paying operating expenses of a volunteer fire department.
- 39 (5) *A levy increase may not be granted under this subdivision for*
 40 *property taxes first due and payable after December 31, 2009.*
 41 Permission to a civil taxing unit to increase its levy in excess of
 42 the limitations established under section 3 of this chapter in order
 43 to raise revenues for pension payments and contributions the civil
 44 taxing unit is required to make under IC 36-8. The maximum
 45 increase in a civil taxing unit's levy that may be recommended
 46 under this subdivision for an ensuing calendar year equals the
 47 amount, if any, by which the pension payments and contributions

the civil taxing unit is required to make under IC 36-8 during the ensuing calendar year exceeds the product of one and one-tenth (1.1) multiplied by the pension payments and contributions made by the civil taxing unit under IC 36-8 during the calendar year that immediately precedes the ensuing calendar year. For purposes of this subdivision, "pension payments and contributions made by a civil taxing unit" does not include that part of the payments or contributions that are funded by distributions made to a civil taxing unit by the state.

(6) *A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.* Permission to increase its levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the township's township assistance ad valorem property tax rate is less than one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation; and

(B) the township needs the increase to meet the costs of providing township assistance under IC 12-20 and IC 12-30-4. The maximum increase that the board may recommend for a township is the levy that would result from an increase in the township's township assistance ad valorem property tax rate of one and sixty-seven hundredths cents (\$0.0167) per one hundred dollars (\$100) of assessed valuation minus the township's ad valorem property tax rate per one hundred dollars (\$100) of assessed valuation before the increase.

(7) *A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.* Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) the increase has been approved by the legislative body of the municipality with the largest population where the civil taxing unit provides public transportation services; and

(B) the local government tax control board finds that the civil taxing unit needs the increase to provide adequate public transportation services.

The local government tax control board shall consider tax rates and levies in civil taxing units of comparable population, and the effect (if any) of a loss of federal or other funds to the civil taxing unit that might have been used for public transportation purposes. However, the increase that the board may recommend under this subdivision for a civil taxing unit may not exceed the revenue that would be raised by the civil taxing unit based on a property tax rate of one cent (\$0.01) per one hundred dollars (\$100) of assessed valuation.

(8) *A levy increase may not be granted under this subdivision for*

property taxes first due and payable after December 31, 2009.
 Permission to a civil taxing unit to increase the unit's levy in excess of the limitations established under section 3 of this chapter if the local government tax control board finds that:

(A) the civil taxing unit is:

(i) a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000);

(ii) a city having a population of more than fifty-five thousand (55,000) but less than fifty-nine thousand (59,000);

(iii) a city having a population of more than twenty-eight thousand seven hundred (28,700) but less than twenty-nine thousand (29,000);

(iv) a city having a population of more than fifteen thousand four hundred (15,400) but less than sixteen thousand six hundred (16,600); or

(v) a city having a population of more than seven thousand (7,000) but less than seven thousand three hundred (7,300);
 and

(B) the increase is necessary to provide funding to undertake removal (as defined in IC 13-11-2-187) and remedial action (as defined in IC 13-11-2-185) relating to hazardous substances (as defined in IC 13-11-2-98) in solid waste disposal facilities or industrial sites in the civil taxing unit that have become a menace to the public health and welfare.

The maximum increase that the local government tax control board may recommend for such a civil taxing unit is the levy that would result from a property tax rate of six and sixty-seven hundredths cents (\$0.0667) for each one hundred dollars (\$100) of assessed valuation. For purposes of computing the ad valorem property tax levy limit imposed on a civil taxing unit under section 3 of this chapter, the civil taxing unit's ad valorem property tax levy for a particular year does not include that part of the levy imposed under this subdivision. In addition, a property tax increase permitted under this subdivision may be imposed for only two (2) calendar years.

(9) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.
 Permission for a county:

(A) having a population of more than eighty thousand (80,000) but less than ninety thousand (90,000) to increase the county's levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the county needs the increase to meet the county's share of the costs of operating a jail or juvenile detention center, including expansion of the facility, if the jail or juvenile detention center is opened after December 31, 1991;

(B) that operates a county jail or juvenile detention center that is subject to an order that:

- (i) was issued by a federal district court; and
- (ii) has not been terminated;

(C) that operates a county jail that fails to meet:

- (i) American Correctional Association Jail Construction Standards; and
- (ii) Indiana jail operation standards adopted by the department of correction; or

(D) that operates a juvenile detention center that fails to meet standards equivalent to the standards described in clause (C) for the operation of juvenile detention centers.

Before recommending an increase, the local government tax control board shall consider all other revenues available to the county that could be applied for that purpose. An appeal for operating funds for a jail or a juvenile detention center shall be considered individually, if a jail and juvenile detention center are both opened in one (1) county. The maximum aggregate levy increases that the local government tax control board may recommend for a county equals the county's share of the costs of operating the jail or a juvenile detention center for the first full calendar year in which the jail or juvenile detention center is in operation.

(10) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.

Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township needs the increase so that the property tax rate to pay the costs of furnishing fire protection for a township, or a portion of a township, enables the township to pay a fair and reasonable amount under a contract with the municipality that is furnishing the fire protection. However, for the first time an appeal is granted the resulting rate increase may not exceed fifty percent (50%) of the difference between the rate imposed for fire protection within the municipality that is providing the fire protection to the township and the township's rate. A township is required to appeal a second time for an increase under this subdivision if the township wants to further increase its rate. However, a township's rate may be increased to equal but may not exceed the rate that is used by the municipality. More than one (1) township served by the same municipality may use this appeal.

(11) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.

Permission for a township to increase its levy in excess of the limitations established under section 3 of this chapter, if the local government tax control board finds that the township has been

required, for the three (3) consecutive years preceding the year for which the appeal under this subdivision is to become effective, to borrow funds under IC 36-6-6-14 to furnish fire protection for the township or a part of the township. However, the maximum increase in a township's levy that may be allowed under this subdivision is the least of the amounts borrowed under IC 36-6-6-14 during the preceding three (3) calendar years. A township may elect to phase in an approved increase in its levy under this subdivision over a period not to exceed three (3) years. A particular township may appeal to increase its levy under this section not more frequently than every fourth calendar year.

(12) A levy increase may not be granted under this subdivision for property taxes first due and payable after December 31, 2009.

Permission to a city having a population of more than twenty-nine thousand (29,000) but less than thirty-one thousand (31,000) to increase its levy in excess of the limitations established under section 3 of this chapter if:

(A) an appeal was granted to the city under this section to reallocate property tax replacement credits under IC 6-3.5-1.1 in 1998, 1999, and 2000; and

(B) the increase has been approved by the legislative body of the city, and the legislative body of the city has by resolution determined that the increase is necessary to pay normal operating expenses.

The maximum amount of the increase is equal to the amount of property tax replacement credits under IC 6-3.5-1.1 that the city petitioned under this section to have reallocated in 2001 for a purpose other than property tax relief.

(13) A levy increase may be granted under this subdivision only for property taxes first due and payable after December 31, 2009.

Permission to a civil taxing unit to increase its levy in excess of the limitations established under section 3 of this chapter if the civil taxing unit cannot carry out its governmental functions for an ensuing calendar year under the levy limitations imposed by section 3 of this chapter.

SECTION 4. IC 6-1.1-20.6-7, AS AMENDED BY P.L.224-2007, SECTION 38, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 7. (a) ~~In the case of a credit authorized under section 6 of this chapter or provided by section 6.5(a) or 6.5(b) of this chapter for property taxes first due and payable in a calendar year:~~

~~(1) a person is entitled to a credit against the person's property tax liability for property taxes first due and payable in that calendar year attributable to~~

~~(A) the person's qualified residential property located in the county; in the case of a calendar year before 2008; or~~

~~(B) the person's homestead (as defined in IC 6-1.1-20.9-1) property located in the county; in the case of a calendar year~~

1 after 2007 and before 2010; and

2 (2) the amount of the credit is the amount by which the person's
3 property tax liability attributable to

4 (A) the person's qualified residential property; in the case of a
5 calendar year before 2008; or

6 (B) the person's homestead property; in the case of a calendar
7 year after 2007 and before 2010;

8 for property taxes first due and payable in that calendar year exceeds
9 two percent (2%) of the gross assessed value that is the basis for
10 determination of property taxes on the qualified residential property (in
11 the case of a calendar year before 2008) or the person's homestead
12 property (in the case of a calendar year after 2007 and before 2010) for
13 property taxes first due and payable in that calendar year; as adjusted
14 under subsection (c):

15 (b) In the case of a credit provided by section 6.5(c) of this chapter
16 for property taxes first due and payable in a calendar year:

17 (1) (a) A person is entitled to a credit against the person's property
18 tax liability for property taxes first due and payable in that a calendar
19 year after December 31, 2009, that are attributable to the person's
20 real property and personal property located in the county. and

21 (2) The amount of the credit is equal to the following:

22 (A) In the case of property tax liability attributable to the
23 person's homestead property; the amount of the credit is the
24 amount by which the person's property tax liability attributable
25 to the person's homestead property for property taxes first due
26 and payable in that calendar year exceeds two percent (2%) of
27 the gross assessed value that is the basis for determination of
28 property taxes on the homestead property for property taxes
29 first due and payable in that calendar year; as adjusted under
30 subsection (c):

31 (B) In the case of property tax liability attributable to property
32 other than homestead property; The amount of the credit is the
33 amount by which the person's property tax liability attributable
34 to the person's real property (other than homestead property)
35 and personal property for property taxes first due and payable
36 in that calendar year exceeds three percent (3%) of the gross
37 assessed value that is the basis for determination of property
38 taxes on the real property (other than homestead property) and
39 personal property for property taxes first due and payable in
40 that calendar year, as adjusted under subsection (c): (b).

41 (c) This subsection applies to property taxes first due and payable
42 after December 31, 2007: (b) The amount of a credit to which a person
43 is entitled under subsection (a) or (b) in a county shall be adjusted as
44 determined in STEP FIVE of the following STEPS:

45 STEP ONE: Determine the total amount of the person's property
46 tax liability described in subsection (a)(1) or (b)(1) (a) (as
47 applicable) that is for tuition support levy property taxes.

1 STEP TWO: Determine the total amount of the person's property
2 tax liability described in subsection ~~(a)(1) or (b)(1)~~ **(a)**. ~~(as~~
3 ~~applicable)~~.

4 STEP THREE: Determine the result of:

5 (A) the STEP TWO amount; minus

6 (B) the STEP ONE amount.

7 STEP FOUR: Determine the result of:

8 (A) the STEP THREE amount; divided by

9 (B) the STEP TWO amount.

10 STEP FIVE: Multiply the credit to which the person is entitled
11 under subsection (a) ~~or (b)~~ by the STEP FOUR amount.

12 Notwithstanding any other provision of this chapter, a school
13 corporation's tuition support property tax levy collections may not be
14 reduced because of a credit under this chapter.

15 SECTION 5. IC 6-1.1-20.6-9.5, AS ADDED BY P.L.162-2006,
16 SECTION 13, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
17 JANUARY 1, 2009]: Sec. 9.5. ~~(a) This section applies only to credits~~
18 ~~under this chapter against property taxes first due and payable after~~
19 ~~December 31, 2006.~~

20 ~~(b)~~ **(a)** The application of the credit under this chapter results in a
21 reduction of the property tax collections of each political subdivision
22 in which the credit is applied. A political subdivision may not increase
23 its property tax levy to make up for that reduction.

24 ~~(c)~~ **(b)** The county auditor shall in each calendar year notify each
25 political subdivision in which the credit under this chapter is applied
26 of the reduction of property tax collections referred to in subsection ~~(b)~~
27 **(a)** for the political subdivision for that year.

28 ~~(d)~~ **(c)** A political subdivision may not borrow money to compensate
29 the political subdivision or any other political subdivision for the
30 reduction of property tax collections referred to in subsection ~~(b)~~ **(a)**.

31 SECTION 6. IC 6-1.1-20.9-1 IS AMENDED TO READ AS
32 FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 1. ~~As used in The~~
33 ~~following definitions apply throughout this chapter:~~

34 **(1) "Additional credit" refers to the maximum additional**
35 **credit against property tax liability permitted for property in**
36 **an allocation area under IC 8-22-3.5-10, IC 36-7-14-39.5,**
37 **IC 36-7-14-48, IC 36-7-14.5-12.5, IC 36-7-15.1-26.5,**
38 **IC 36-7-15.1-35, IC 36-7-15.1-56, IC 36-7-30-27,**
39 **IC 36-7-30.5-32, or another similar provision, as determined**
40 **before any reduction permitted by law.**

41 **(2) "Allocation area" refers to an area that is established**
42 **under the authority of any of the following statutes and in**
43 **which tax increment revenues are collected:**

44 **(A) IC 8-22-3.5.**

45 **(B) IC 36-7-14.**

46 **(C) IC 36-7-14.5.**

47 **(D) IC 36-7-15.1.**

(E) IC 36-7-30.

(F) IC 36-7-30.5.

(3) **"Distribution"** refers to a distribution under this chapter to replace property tax revenue lost to a political subdivision, including tax incentive revenues that would otherwise be deposited in a special fund for an allocation area, as the result of granting homestead credits to taxpayers located in the taxing unit imposing the property taxes or in an allocation area to which tax incentive revenues will be distributed.

(4) **"Dwelling"** means any of the following:

(A) Residential real property improvements which an individual uses as ~~his~~ **the individual's** residence, including a house or garage.

(B) A mobile home that is not assessed as real property that an individual uses as the individual's residence.

(C) A manufactured home that is not assessed as real property that an individual uses as the individual's residence.

(5) **"Homestead"** means an individual's principal place of residence which:

(A) is located in Indiana;

(B) the individual either owns or is buying under a contract, recorded in the county recorder's office, that provides that ~~he~~ **the individual** is to pay the property taxes on the residence; and

(C) consists of a dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

(6) **"Homestead credit"** refers to a credit granted to a taxpayer under this chapter.

(7) **"Tax increment revenues"** means an allocation of ad valorem property taxes to an allocation area based on an increase in the assessed value, wages, sales, or other economic activity occurring in the allocation area.

SECTION 7. IC 6-1.1-20.9-2, AS AMENDED BY P.L.224-2007, SECTION 39, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 2. (a) Except as otherwise provided in section 5 of this chapter, an individual who on March 1 of a particular year either owns or is buying a homestead under a contract that provides the individual is to pay the property taxes on the homestead is entitled each calendar year to a credit against the property taxes, **including tax increment revenues**, which the individual pays on the individual's homestead. However, only one (1) individual may receive a credit under this chapter for a particular homestead in a particular year.

(b) The amount of the credit to which the individual is entitled equals ~~the product of:~~

(1) ~~the percentage prescribed in subsection (d); multiplied by~~

(2) ~~the amount of the individual's property tax liability; as that term is defined in IC 6-1.1-21-5; which is: (A) one hundred~~

percent (100%) of the total property tax liability attributable to the homestead during the particular calendar year, ~~and~~ ~~(B)~~ as determined after the application of **any additional credit in an allocation area** and the property tax replacement credit under IC 6-1.1-21.

(c) For purposes of determining that part of an individual's property tax liability that is attributable to the individual's homestead, all deductions from assessed valuation which the individual claims under IC 6-1.1-12, ~~or~~ IC 6-1.1-12.1, **or another law** for property on which the individual's homestead is located must be applied first against the assessed value of the individual's homestead before those deductions are applied against any other property.

(d) The percentage of the credit referred to in subsection (b)(1) is as follows:

YEAR	PERCENTAGE OF THE CREDIT
1996	8%
1997	6%
1998 through 2002	10%
2003 through 2005	20%
2006	28%
2007 and thereafter	20%

However, the percentage credit allowed in a particular county for a particular year shall be increased if on January 1 of a year an ordinance adopted by a county income tax council was in effect in the county which increased the homestead credit. The amount of the increase equals the amount designated in the ordinance.

~~(e)~~ (d) Before October 1 of each year, the assessor shall furnish to the county auditor the amount of the assessed valuation of each homestead for which a homestead credit has been properly filed under this chapter.

~~(f)~~ (e) The county auditor shall apply the credit equally to each installment of taxes that the individual pays for the property.

~~(g)~~ (f) Notwithstanding the provisions of this chapter, a taxpayer other than an individual is entitled to the credit provided by this chapter if:

- (1) an individual uses the residence as the individual's principal place of residence;
- (2) the residence is located in Indiana;
- (3) the individual has a beneficial interest in the taxpayer;
- (4) the taxpayer either owns the residence or is buying it under a contract, recorded in the county recorder's office, that provides that the individual is to pay the property taxes on the residence; and
- (5) the residence consists of a single-family dwelling and the real estate, not exceeding one (1) acre, that immediately surrounds that dwelling.

1 SECTION 8. IC 6-1.1-20.9-7 IS ADDED TO THE INDIANA
2 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 2009]: **Sec. 7. The department of state**
4 **revenue shall distribute to the county auditor of a county an**
5 **amount equal to the property tax revenue lost to the political**
6 **subdivisions in the county from homestead credits.**

7 SECTION 9. IC 6-1.1-20.9-8 IS ADDED TO THE INDIANA
8 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
9 [EFFECTIVE JANUARY 1, 2009]: **Sec. 8. The department of local**
10 **government finance shall certify to the department of state revenue**
11 **an estimate of the amount of the distribution to be made to each**
12 **county and the allocation of a county's distribution that is to be**
13 **made to each political subdivision in a county.**

14 SECTION 10. IC 6-1.1-20.9-9 IS ADDED TO THE INDIANA
15 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
16 [EFFECTIVE JANUARY 1, 2009]: **Sec. 9. The department of state**
17 **revenue shall use the estimate certified by the department of local**
18 **government finance as the basis for making an estimated**
19 **distribution under this chapter.**

20 SECTION 11. IC 6-1.1-20.9-10 IS ADDED TO THE INDIANA
21 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
22 [EFFECTIVE JANUARY 1, 2009]: **Sec. 10. An estimated**
23 **distribution under this chapter shall be made in installments in the**
24 **same percentages and at the same times as distributions from the**
25 **property tax replacement fund under IC 6-1.1-21-10.**

26 SECTION 12. IC 6-1.1-20.9-11 IS ADDED TO THE INDIANA
27 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
28 [EFFECTIVE JANUARY 1, 2009]: **Sec. 11. The department of state**
29 **revenue and a county auditor shall settle differences between an**
30 **estimated distribution under this chapter to a county and the**
31 **amount to which the political subdivisions in the county are**
32 **entitled in the manner prescribed by the department.**

33 SECTION 13. IC 6-1.1-20.9-12 IS ADDED TO THE INDIANA
34 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
35 [EFFECTIVE JANUARY 1, 2009]: **Sec. 12. All amounts distributed**
36 **under this chapter shall be paid from the county government**
37 **security trust fund established by IC 6-1.1-46-10. The department**
38 **of state revenue shall make distributions on warrants issued by the**
39 **auditor of state drawn on the treasurer of state.**

40 SECTION 14. IC 6-1.1-20.9-13 IS ADDED TO THE INDIANA
41 CODE AS A **NEW** SECTION TO READ AS FOLLOWS
42 [EFFECTIVE JANUARY 1, 2009]: **Sec. 13. A county auditor shall**
43 **allocate a distribution under this chapter among the political**
44 **subdivisions in the county in proportion to the property tax that**
45 **each political subdivision has lost revenue as a result of the**
46 **granting of homestead credits. The allocation shall be made at the**
47 **same time that other property tax distributions are made.**

SECTION 15. IC 6-1.1-20.9-14 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: **Sec. 14. A political subdivision shall allocate money received from the political subdivision's distribution among the political subdivision's funds in proportion to the property tax levies being replaced from each fund. The money may be used only for purposes for which property tax levies being replaced may be used.**

SECTION 16. IC 6-1.1-21-2.5, AS AMENDED BY P.L.234-2007, SECTION 296, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 2.5. (a) Annually, before the department determines the eligible property tax replacement amount for a year under section 3 of this chapter and the department of local government finance makes its certification under section 3(b) of this chapter, the budget agency shall determine whether the total amount of property tax replacement credits granted in Indiana under section 5 of this chapter ~~and homestead credits granted in Indiana under IC 6-1.1-20.9-2~~ for a year, determined without applying this section, will be more than the amount appropriated for those purposes for that year. The budget agency shall give notice of its determination to the members of the board and, in an electronic format under IC 5-14-6, the general assembly. If the budget agency determines that the amount of property tax replacement credits ~~and homestead credits granted under IC 6-1.1-20.9-2~~ for the year will be more than the amount appropriated for those purposes for that year, the board shall ~~do the following~~:

(1) ~~For calendar years 2008 and 2009~~; decrease for that year the percentages used to determine a taxpayer's property tax replacement credit amount so that the total amount of property tax replacement credits granted in Indiana under section 5 of this chapter ~~and homestead credits granted in Indiana under IC 6-1.1-20.9-2~~ does not exceed the total amount appropriated for those purposes for that year.

(2) ~~For calendar years 2010 and thereafter~~; decrease for that year in the same proportions:

(A) the percentages used to determine a taxpayer's property tax replacement credit amount; and

(B) ~~and the homestead credit percentage applicable under IC 6-1.1-20.9-2~~;

so that the total amount of property tax replacement credits granted in Indiana under section 5 of this chapter ~~and homestead credits granted in Indiana under IC 6-1.1-20.9-2~~ does not exceed the total amount appropriated for those purposes for that year.

(b) The adjusted percentages set under subsection (a):

(1) are the percentages that apply under

(A) section 5 of this chapter to determine a taxpayer's property tax replacement credit amount; and

(B) ~~IC 6-1.1-20.9-2~~ to determine a taxpayer's homestead

1 credit; and
 2 (2) must be used by the
 3 (A) department in estimating the eligible property tax
 4 replacement amount under section 3 of this chapter and
 5 (B) department of local government finance in making its
 6 certification under section 3(b) of this chapter;
 7 and for all other purposes under this chapter and IC 6-1.1-20.9
 8 related to distributions under this chapter;
 9 for the particular year covered by a budget agency's determination
 10 under subsection (a).

11 SECTION 17. IC 6-1.1-21-3, AS AMENDED BY P.L.162-2006,
 12 SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 13 JANUARY 1, 2009]: Sec. 3. (a) The department, with the assistance of
 14 the auditor of state and the department of local government finance,
 15 shall determine an amount equal to the eligible property tax
 16 replacement amount, which is the estimated property tax replacement.

17 (b) The department of local government finance shall certify to the
 18 department the amount of homestead credits provided under
 19 IC 6-1.1-20.9 which are allowed by the county for the particular
 20 calendar year. The department of local government finance shall make
 21 the certification based on the best information available at the time the
 22 certification is made:

23 (c) If there are one (1) or more taxing districts in the county that
 24 contain all or part of an economic development district that meets the
 25 requirements of section 5.5 of this chapter, the department of local
 26 government finance shall estimate an additional distribution for the
 27 county in the same report required under subsection (a). This additional
 28 distribution equals the sum of the amounts determined under the
 29 following STEPS for all taxing districts in the county that contain all
 30 or part of an economic development district:

31 STEP ONE: Estimate that part of the sum of the amounts under
 32 section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable
 33 to the taxing district.

34 STEP TWO: Divide:

35 (A) that part of the estimated property tax replacement amount
 36 attributable to the taxing district; by

37 (B) the STEP ONE sum.

38 STEP THREE: Multiply:

39 (A) the STEP TWO quotient; times

40 (B) the taxes levied in the taxing district that are allocated to
 41 a special fund under IC 6-1.1-39-5.

42 (d) The sum of the amounts amount determined under subsections
 43 (a) through (c) this section is the particular county's estimated
 44 distribution for the calendar year.

45 SECTION 18. IC 6-1.1-21-4, AS AMENDED BY P.L.234-2007,
 46 SECTION 297, AND AS AMENDED BY P.L.219-2007, SECTION
 47 62, IS CORRECTED AND AMENDED TO READ AS FOLLOWS

[EFFECTIVE JANUARY 1, 2009]: Sec. 4. (a) Each year the department shall allocate from the property tax replacement fund an amount equal to ~~the sum of:~~

~~(1) each county's total eligible property tax replacement amount for that year. plus~~

~~(2) the total amount of homestead tax credits that are provided under IC 6-1.1-20.9 and allowed by each county for that year; plus~~

~~(3) an amount for each county that has one (1) or more taxing districts that contain all or part of an economic development district that meets the requirements of section 5.5 of this chapter. This amount is the sum of the amounts determined under the following STEPS for all taxing districts in the county that contain all or part of an economic development district:~~

~~STEP ONE: Determine that part of the sum of the amounts under section 2(g)(1)(A) and 2(g)(2) of this chapter that is attributable to the taxing district.~~

~~STEP TWO: Divide:~~

~~(A) that part of the subdivision (1) amount that is attributable to the taxing district; by~~

~~(B) the STEP ONE sum.~~

~~STEP THREE: Multiply:~~

~~(A) the STEP TWO quotient; times~~

~~(B) the taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.~~

(b) Except as provided in subsection (e), between March 1 and August 31 of each year, the department shall distribute to each county treasurer from the property tax replacement fund one-half (1/2) of the estimated distribution for that year for the county. Between September 1 and December 15 of that year, the department shall distribute to each county treasurer from the property tax replacement fund the remaining one-half (1/2) of each estimated distribution for that year. The amount of the distribution for each of these periods shall be according to a schedule determined by the property tax replacement fund board under section 10 of this chapter. The estimated distribution for each county may be adjusted from time to time by the department to reflect any changes in the total county tax levy upon which the estimated distribution is based.

(c) On or before December 31 of each year or as soon thereafter as possible, the department shall make a final determination of the amount which should be distributed from the property tax replacement fund to each county for that calendar year. This determination shall be known as the final determination of distribution. The department shall distribute to the county treasurer or, *except as provided in section 9 of this chapter*, receive back from the county treasurer any deficit or excess, as the case may be, between the sum of the distributions made for that calendar year based on the estimated distribution and the final

determination of distribution. The final determination of distribution shall be based on the auditor's abstract filed with the auditor of state, adjusted for postabstract adjustments included in the December settlement sheet for the year, and such additional information as the department may require.

(d) All distributions provided for in this section shall be made on warrants issued by the auditor of state drawn on the treasurer of state. If the amounts allocated by the department from the property tax replacement fund exceed in the aggregate the balance of money in the fund, then the amount of the deficiency shall be transferred from the state general fund to the property tax replacement fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the payment of that amount. However, any amount transferred under this section from the general fund to the property tax replacement fund shall, as soon as funds are available in the property tax replacement fund, be retransferred from the property tax replacement fund to the state general fund, and the auditor of state shall issue a warrant to the treasurer of state ordering the replacement of that amount.

(e) Except as provided in subsection (g) and subject to subsection (h), the department shall not distribute under subsection (b) and section 10 of this chapter a percentage, determined by the department, of the money that would otherwise be distributed to the county under subsection (b) and section 10 of this chapter if:

- (1) by the date the distribution is scheduled to be made, the county auditor has not sent a certified statement required to be sent by that date under IC 6-1.1-17-1 to the department of local government finance;
- (2) by the deadline under IC 36-2-9-20, the county auditor has not transmitted data as required under that section;
- (3) the county assessor has not forwarded to the department of local government finance the duplicate copies of all approved exemption applications required to be forwarded by that date under IC 6-1.1-11-8(a);
- (4) the county assessor has not forwarded to the department of local government finance in a timely manner sales disclosure *forms form data* under ~~IC 6-1.1-5.5-3(b)~~; IC 6-1.1-5.5-3(h);
- (5) local assessing officials have not provided information to the department of local government finance in a timely manner under IC 4-10-13-5(b);
- (6) the county auditor has not paid a bill for services under IC 6-1.1-4-31.5 to the department of local government finance in a timely manner;
- (7) the elected township assessors in the county, the elected township assessors and the county assessor, or the county assessor has not transmitted to the department of local government finance by October 1 of the year in which the distribution is scheduled to be made the data for all townships in the county required to be

transmitted under IC 6-1.1-4-25(b);

(8) the county has not established a parcel index numbering system under 50 IAC 12-15-1 in a timely manner; or

(9) a township or county official has not provided other information to the department of local government finance in a timely manner as required by the department.

(f) Except as provided in subsection (i), money not distributed for the reasons stated in subsection (e) shall be distributed to the county when the department of local government finance determines that the failure to:

(1) provide information; or

(2) pay a bill for services;

has been corrected.

(g) The restrictions on distributions under subsection (e) do not apply if the department of local government finance determines that the failure to:

(1) provide information; or

(2) pay a bill for services;

in a timely manner is justified by unusual circumstances.

(h) The department shall give the county auditor at least thirty (30) days notice in writing before withholding a distribution under subsection (e).

(i) Money not distributed for the reason stated in subsection (e)(6) may be deposited in the fund established by IC 6-1.1-5.5-4.7(a). Money deposited under this subsection is not subject to distribution under subsection (f).

SECTION 19. IC 6-1.1-21-5, AS AMENDED BY P.L.219-2007, SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 5. (a) Each year the taxpayers of each county shall receive a credit for property tax replacement in the amount of each taxpayer's property tax replacement credit amount for taxes which ~~(1) under IC 6-1.1-22-9 are due and payable in that year. or~~
~~(2) under IC 6-1.1-22-9.5 are due in installments established by the department of local government finance for that year.~~

The credit shall be applied to each installment of taxes. The dollar amount of the credit for each taxpayer shall be determined by the county auditor, based on data furnished by the department of local government finance.

(b) The tax liability of a taxpayer for the purpose of computing the credit for a particular year shall be based upon the taxpayer's tax liability as is evidenced by the tax duplicate for the taxes payable in that year, plus the amount by which the tax payable by the taxpayer had been reduced due to the application of county adjusted gross income tax revenues to the extent the county adjusted gross income tax revenues were included in the determination of the total county tax levy for that year, as provided in sections 2(g) and 3 of this chapter, adjusted, however, for any change in assessed valuation which may

have been made pursuant to a post-abstract adjustment if the change is set forth on the tax statement or on a corrected tax statement stating the taxpayer's tax liability, as prepared by the county treasurer in accordance with IC 6-1.1-22-8(a). However, except when using the term under section 2(l)(1) of this chapter, the tax liability of a taxpayer does not include the amount of any property tax owed by the taxpayer that is attributable to that part of any property tax levy subtracted under section 2(g)(1)(B), 2(g)(1)(C), 2(g)(1)(D), 2(g)(1)(E), 2(g)(1)(F), 2(g)(1)(G), 2(g)(1)(H), 2(g)(1)(I), 2(g)(1)(J), or 2(g)(1)(K) of this chapter in computing the total county tax levy.

(c) The credit for taxes payable in a particular year with respect to mobile homes which are assessed under IC 6-1.1-7 is equivalent to the taxpayer's property tax replacement credit amount for the taxes payable with respect to the assessments plus the adjustments stated in this section.

(d) Each taxpayer in a taxing district that contains all or part of an economic development district that meets the requirements of section 5.5 of this chapter is entitled to an additional credit for property tax replacement. This credit is equal to the product of:

(1) the STEP TWO quotient determined under section 4(a)(3) of this chapter for the taxing district; multiplied by

(2) the taxpayer's taxes levied in the taxing district that are allocated to a special fund under IC 6-1.1-39-5.

SECTION 20. IC 6-1.1-21-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 7. (a) Notwithstanding IC 6-1.1-26, any taxpayer who is entitled to a credit under this chapter ~~or who has properly filed for and is entitled to a credit under IC 6-1.1-20.9;~~ and who, without taking the credit, pays in full the taxes to which the credit applies, is entitled to a refund, without interest, of an amount equal to the amount of the credit. However, if the taxpayer, at the time a refund is claimed, owes any other taxes, interest, or penalties payable to the county treasurer to whom the taxes subject to the credit were paid, then the credit shall be first applied in full or partial payment of the other taxes, interest, and penalties and the balance, if any, remaining after that application is available as a refund to the taxpayer.

(b) Any taxpayer entitled to a refund under this section shall be paid that refund from proceeds of the property tax replacement fund. ~~However, with respect to any refund attributable to a homestead credit, the refund shall be paid from that fund only to the extent that the percentage homestead credit the taxpayer was entitled to receive for a year does not exceed the percentage credit allowed in IC 6-1.1-20.9-2(d) for that same year. Any refund in excess of that amount shall be paid from the county's revenue distributions received under IC 6-3.5-6.~~

(c) The state board of accounts shall establish an appropriate procedure to simplify and expedite the method for claiming these

1 refunds and for the payments thereof, as provided for in this section,
 2 which procedure is the exclusive procedure for the processing of the
 3 refunds. The procedure shall, however, require the filing of claims for
 4 the refunds by not later than June 1 of the year following the payment
 5 of the taxes to which the credit applied.

6 SECTION 21. IC 6-1.1-21-9, AS AMENDED BY P.L.234-2007,
 7 SECTION 298, IS AMENDED TO READ AS FOLLOWS
 8 [EFFECTIVE JANUARY 1, 2009]: Sec. 9. (a) On or before October 15
 9 of each year, each county auditor shall make a settlement with the
 10 department as to the aggregate amount of property tax replacement
 11 credits extended to taxpayers in the auditor's county during the first
 12 eight (8) months of that same year. On or before December 31 of each
 13 year, each county auditor shall make a settlement with the department
 14 along with the filing of the county auditor's December settlement as to
 15 the aggregate amount of property tax replacement credits extended to
 16 taxpayers in the auditor's county during the last four (4) months of that
 17 same year. If the aggregate credits allowed during either period exceed
 18 the property tax replacement funds allocated and distributed to the
 19 county treasurer for that same period, as provided in sections 4 and 5
 20 of this chapter, then the department shall certify the amount of the
 21 excess to the auditor of state who shall issue a warrant, payable from
 22 the property tax replacement fund, to the treasurer of the state ordering
 23 the payment of the excess to the county treasurer. If the distribution
 24 exceeds the aggregate credits, the county treasurer shall repay to the
 25 treasurer of the state the amount of the excess, which shall be
 26 redeposited in the property tax replacement fund.

27 ~~(b) In making the settlement required by subsection (a), the county~~
 28 ~~auditor shall recognize the fact that any loss of revenue resulting from~~
 29 ~~the provision of homestead credits in excess of the percentage credit~~
 30 ~~allowed in IC 6-1.1-20.9-2(d) must be paid from county option income~~
 31 ~~revenues.~~

32 ~~(c)~~ (b) Except as otherwise provided in this chapter, the state board
 33 of accounts with the cooperation of the department shall prescribe the
 34 accounting forms, records, and procedures required to carry out the
 35 provisions of this chapter.

36 ~~(d)~~ (c) Not later than November 15 of each year, the budget agency
 37 shall determine whether the amount distributed to counties under
 38 section 10 of this chapter for state property tax replacement credits and
 39 state homestead credits is less than the amount available, as determined
 40 by the budget agency, from the appropriation to the property tax
 41 replacement board for distribution as state property tax replacement
 42 credits. ~~and state homestead credits.~~ If the amount distributed is less
 43 than the available appropriation, the budget agency shall apportion the
 44 excess among the counties in proportion to the final determination of
 45 state property tax replacement credits ~~and state homestead credits~~ for
 46 each county and certify the excess amount for each county to the
 47 department and the department of local government finance. The

department shall distribute the certified additional amount for a county to the county treasurer before December 15 of the year. Not later than December 31 in the year, the county treasurer shall allocate the certified additional amount among the taxing units in the county in proportion to the part of the total county tax levy imposed by each taxing unit. The taxing unit shall deposit the allocated amount in the taxing unit's levy excess fund ~~under~~ established under IC 6-1.1-18.5-17 or IC 20-40-10. The allocated amount shall be treated in the same manner as a levy excess (as defined in IC 6-1.1-18.5-17 and IC 20-44-3-2) and shall be used only to reduce the part of the county tax levy imposed by the taxing unit in the immediately following year.

SECTION 22. IC 6-1.1-22-9, AS AMENDED BY P.L.219-2007, SECTION 64, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 9. (a) Except as provided in subsections (b) and (c), the property taxes assessed for a year under this article are due in two (2) equal installments on May 10 and November 10 of the following year.

(b) Subsection (a) does not apply if any of the following apply to the property taxes assessed for the year under this article:

- (1) Subsection (c).
- (2) Subsection (d).
- (3) Subsection (h).
- (4) Subsection (i).
- (5) IC 6-1.1-7-7.
- ~~(6) Section 9-5 of this chapter.~~

(c) A county council may adopt an ordinance to require a person to pay the person's property tax liability in one (1) installment, if the tax liability for a particular year is less than twenty-five dollars (\$25). If the county council has adopted such an ordinance, then whenever a tax statement mailed under section 8 of this chapter shows that the person's property tax liability for a year is less than twenty-five dollars (\$25) for the property covered by that statement, the tax liability for that year is due in one (1) installment on May 10 of that year.

(d) If the county treasurer receives a copy of an appeal petition under IC 6-1.1-18.5-12(g) or IC 6-1.1-19-2(g) before the county treasurer mails or transmits statements under section 8(a) of this chapter, the county treasurer may:

- (1) mail or transmit the statements without regard to the pendency of the appeal and, if the resolution of the appeal by the department of local government finance results in changes in levies, mail or transmit reconciling statements under subsection (e); or
- (2) delay the mailing or transmission of statements under section 8(a) of this chapter so that:
 - (A) the due date of the first installment that would otherwise be due under subsection (a) is delayed by not more than sixty (60) days; and
 - (B) all statements reflect any changes in levies that result from

- 1 the resolution of the appeal by the department of local
2 government finance.
- 3 (e) A reconciling statement under subsection (d)(1) must indicate:
4 (1) the total amount due for the year;
5 (2) the total amount of the installments paid that did not reflect
6 the resolution of the appeal under IC 6-1.1-18.5-12(g) or
7 IC 6-1.1-19-2(g) by the department of local government finance;
8 (3) if the amount under subdivision (1) exceeds the amount under
9 subdivision (2), the adjusted amount that is payable by the
10 taxpayer:
11 (A) as a final reconciliation of all amounts due for the year;
12 and
13 (B) not later than
14 (i) November 10; or
15 (ii) ~~the date or dates established under section 9-5 of this~~
16 ~~chapter;~~ and
17 (4) if the amount under subdivision (2) exceeds the amount under
18 subdivision (1), that the taxpayer may claim a refund of the excess
19 under IC 6-1.1-26.
- 20 (f) If property taxes are not paid on or before the due date, the
21 penalties prescribed in IC 6-1.1-37-10 shall be added to the delinquent
22 taxes.
- 23 (g) Notwithstanding any other law, a property tax liability of less
24 than five dollars (\$5) is increased to five dollars (\$5). The difference
25 between the actual liability and the five dollar (\$5) amount that appears
26 on the statement is a statement processing charge. The statement
27 processing charge is considered a part of the tax liability.
- 28 (h) If in a county the notices of general reassessment under
29 IC 6-1.1-4-4 or notices of assessment under IC 6-1.1-4-4.5 for an
30 assessment date in a calendar year are given to the taxpayers in the
31 county after March 26 of the immediately succeeding calendar year, the
32 property taxes that would otherwise be due under subsection (a) on
33 May 10 of the immediately succeeding calendar year are due on the
34 later of:
35 (1) May 10 of the immediately succeeding calendar year; or
36 (2) forty-five (45) days after the notices are given to taxpayers in
37 the county.
- 38 (i) If subsection (h) applies, the property taxes that would otherwise
39 be due under subsection (a) on November 10 of the immediately
40 succeeding calendar year referred to in subsection (h) are due on the
41 later of:
42 (1) November 10 of the immediately succeeding calendar year; or
43 (2) a date determined by the county treasurer that is not later than
44 December 31 of the immediately succeeding calendar year.
- 45 SECTION 23. IC 6-1.1-37-9, AS AMENDED BY P.L.219-2007,
46 SECTION 81, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
47 JANUARY 1, 2009]: Sec. 9. (a) This section applies when:

(1) an assessment is made or increased after the date or dates on which the taxes for the year for which the assessment is made were originally due;

(2) the assessment upon which a taxpayer has been paying taxes under IC 6-1.1-15-10(a)(1) or IC 6-1.1-15-10(a)(2) while a petition for review or a judicial proceeding has been pending is less than the assessment that results from the final determination of the petition for review or judicial proceeding; or

(3) the collection of certain ad valorem property taxes has been enjoined under IC 33-26-6-2, and under the final determination of the petition for judicial review the taxpayer is liable for at least part of those taxes.

(b) Except as provided in subsections (c) and (g), a taxpayer shall pay interest on the taxes the taxpayer is required to pay as a result of an action or a determination described in subsection (a) at the rate of ten percent (10%) per year from the original due date or dates for those taxes to:

(1) the date of payment; or

(2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f);

whichever occurs first.

(c) Except as provided in subsection (g), a taxpayer shall pay interest on the taxes the taxpayer is ultimately required to pay in excess of the amount that the taxpayer is required to pay under IC 6-1.1-15-10(a)(1) while a petition for review or a judicial proceeding has been pending at the overpayment rate established under Section 6621(c)(1) of the Internal Revenue Code in effect on the original due date or dates for those taxes from the original due date or dates for those taxes to:

(1) the date of payment; or

(2) the date on which penalties for the late payment of a tax installment may be charged under subsection (e) or (f);

whichever occurs first.

(d) With respect to an action or determination described in subsection (a), the taxpayer shall pay the taxes resulting from that action or determination and the interest prescribed under subsection (b) or (c) on or before:

(1) the next May 10; or

(2) the next November 10;

whichever occurs first.

(e) A taxpayer shall, to the extent that the penalty is not waived under section ~~10.5~~ or 10.7 of this chapter, begin paying the penalty prescribed in section 10 of this chapter on the day after the date for payment prescribed in subsection (d) if:

(1) the taxpayer has not paid the amount of taxes resulting from the action or determination; and

(2) the taxpayer either:

1 (A) received notice of the taxes the taxpayer is required to pay
 2 as a result of the action or determination at least thirty (30)
 3 days before the date for payment; or

4 (B) voluntarily signed and filed an assessment return for the
 5 taxes.

6 (f) If subsection (e) does not apply, a taxpayer who has not paid the
 7 amount of taxes resulting from the action or determination shall, to the
 8 extent that the penalty is not waived under section ~~10.5~~ or 10.7 of this
 9 chapter, begin paying the penalty prescribed in section 10 of this
 10 chapter on:

11 (1) the next May 10 which follows the date for payment
 12 prescribed in subsection (d); or

13 (2) the next November 10 which follows the date for payment
 14 prescribed in subsection (d);

15 whichever occurs first.

16 (g) A taxpayer is not subject to the payment of interest on real
 17 property assessments under subsection (b) or (c) if:

18 (1) an assessment is made or increased after the date or dates on
 19 which the taxes for the year for which the assessment is made
 20 were due;

21 (2) the assessment or the assessment increase is made as the result
 22 of error or neglect by the assessor or by any other official
 23 involved with the assessment of property or the collection of
 24 property taxes; and

25 (3) the assessment:

26 (A) would have been made on the normal assessment date if
 27 the error or neglect had not occurred; or

28 (B) increase would have been included in the assessment on
 29 the normal annual assessment date if the error or neglect had
 30 not occurred.

31 SECTION 24. IC 6-1.1-37-10, AS AMENDED BY P.L.219-2007,
 32 SECTION 82, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 33 JANUARY 1, 2009]: Sec. 10. (a) Except as provided in ~~sections 10.5~~
 34 ~~and section~~ 10.7 of this chapter, if an installment of property taxes is
 35 not completely paid on or before the due date, a penalty shall be added
 36 to the unpaid portion in the year of the initial delinquency. The penalty
 37 is equal to an amount determined as follows:

38 (1) If:

39 (A) an installment of real property taxes is completely paid on
 40 or before the date thirty (30) days after the due date; and

41 (B) the taxpayer is not liable for delinquent property taxes first
 42 due and payable in a previous installment for the same parcel;
 43 the amount of the penalty is equal to five percent (5%) of the
 44 amount of delinquent taxes.

45 (2) If:

46 (A) an installment of personal property taxes is completely
 47 paid on or before the date thirty (30) days after the due date;

- 1 and
- 2 (B) the taxpayer is not liable for delinquent property taxes first
- 3 due and payable in a previous installment for a personal
- 4 property tax return for property in the same taxing district;
- 5 the amount of the penalty is equal to five percent (5%) of the
- 6 amount of delinquent taxes.
- 7 (3) If subdivision (1) or (2) does not apply, the amount of the
- 8 penalty is equal to ten percent (10%) of the amount of delinquent
- 9 taxes.
- 10 (b) With respect to property taxes due in two (2) equal installments
- 11 under IC 6-1.1-22-9(a), on the day immediately following the due dates
- 12 of the first and second installments in each year following the year of
- 13 the initial delinquency, an additional penalty equal to ten percent (10%)
- 14 of any taxes remaining unpaid shall be added. With respect to property
- 15 taxes due in installments under IC 6-1.1-22-9.5 (**before its repeal**), an
- 16 additional penalty equal to ten percent (10%) of any taxes remaining
- 17 unpaid shall be added on the day immediately following each date that
- 18 succeeds the last installment due date by:
- 19 (1) six (6) months; or
- 20 (2) a multiple of six (6) months.
- 21 (c) The penalties under subsection (b) are imposed only on the
- 22 principal amount of the delinquent taxes.
- 23 (d) If the department of local government finance determines that
- 24 an emergency has occurred which precludes the mailing of the tax
- 25 statement in any county at the time set forth in IC 6-1.1-22-8, the
- 26 department shall establish by order a new date on which the installment
- 27 of taxes in that county is due and no installment is delinquent if paid by
- 28 the date so established.
- 29 (e) If any due date falls on a Saturday, a Sunday, a national legal
- 30 holiday recognized by the federal government, or a statewide holiday,
- 31 the act that must be performed by that date is timely if performed by
- 32 the next succeeding day that is not a Saturday, a Sunday, or one (1) of
- 33 those holidays.
- 34 (f) Subject to subsections (g) and (h), a payment to the county
- 35 treasurer is considered to have been paid by the due date if the payment
- 36 is:
- 37 (1) received on or before the due date by the county treasurer or
- 38 a collecting agent appointed by the county treasurer;
- 39 (2) deposited in United States first class mail:
- 40 (A) properly addressed to the principal office of the county
- 41 treasurer;
- 42 (B) with sufficient postage; and
- 43 (C) postmarked by the United States Postal Service as mailed
- 44 on or before the due date;
- 45 (3) deposited with a nationally recognized express parcel carrier
- 46 and is:
- 47 (A) properly addressed to the principal office of the county

- 1 treasurer; and
- 2 (B) verified by the express parcel carrier as:
- 3 (i) paid in full for final delivery; and
- 4 (ii) received by the express parcel carrier on or before the
- 5 due date;
- 6 (4) deposited to be mailed through United States registered mail,
- 7 United States certified mail, or United States certificate of
- 8 mailing:
- 9 (A) properly addressed to the principal office of the county
- 10 treasurer;
- 11 (B) with sufficient postage; and
- 12 (C) with a date of registration, certification, or certificate, as
- 13 evidenced by any record authenticated by the United States
- 14 Postal Service, on or before the due date; or
- 15 (5) made by an electronic funds transfer and the taxpayer's bank
- 16 account is charged on or before the due date.
- 17 For purposes of this subsection, "postmarked" does not mean the date
- 18 printed by a postage meter that affixes postage to the envelope or
- 19 package containing a payment.
- 20 (g) If a payment is mailed through the United States mail and is
- 21 physically received after the due date without a legible correct
- 22 postmark, the person who mailed the payment is considered to have
- 23 made the payment on or before the due date if the person can show by
- 24 reasonable evidence that the payment was deposited in the United
- 25 States mail on or before the due date.
- 26 (h) If a payment is sent via the United States mail or a nationally
- 27 recognized express parcel carrier but is not received by the designated
- 28 recipient, the person who sent the payment is considered to have made
- 29 the payment on or before the due date if the person:
- 30 (1) can show by reasonable evidence that the payment was
- 31 deposited in the United States mail, or with the express parcel
- 32 carrier, on or before the due date; and
- 33 (2) makes a duplicate payment within thirty (30) days after the
- 34 date the person is notified that the payment was not received.
- 35 SECTION 25. IC 6-1.1-39-6, AS AMENDED BY P.L.219-2007,
- 36 SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 37 JANUARY 1, 2009]: Sec. 6. (a) An economic development district
- 38 may be enlarged by the fiscal body by following the same procedure for
- 39 the creation of an economic development district specified in this
- 40 chapter. Property taxes that are attributable to the additional area and
- 41 allocable to the economic development district are not eligible for the
- 42 property tax replacement credit provided by IC 6-1.1-21-5. However,
- 43 subject to subsection (c), ~~and except as provided in subsection (f);~~ each
- 44 taxpayer in an additional area is entitled to an additional credit for
- 45 taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and
- 46 payable in that year. ~~Except as provided in subsection (f);~~ One-half
- 47 (1/2) of the credit shall be applied to each installment of taxes (as

defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district in a county that contains all or part of the additional area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of the county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to a special fund under section 5 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the economic development district and paid into a special fund under section 5(a) of this chapter.

(b) If the additional credit under subsection (a) is not reduced under subsection (c) or (d), ~~the credit for property tax replacement under IC 6-1.1-21-5~~ and the additional credit under subsection (a) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an additional area. The ~~credit for property tax replacement under IC 6-1.1-21-5~~ and the additional credit under subsection (a) shall be **combined applied** on the tax statements sent to each taxpayer.

(c) The county fiscal body may, by ordinance, provide that the additional credit described in subsection (a):

(1) does not apply in a specified additional area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified additional area.

(d) Whenever the county fiscal body determines that granting the full additional credit under subsection (a) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that economic development district in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the county fiscal body must adopt an ordinance under subsection (c) to deny the additional credit or reduce the additional credit to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. An ordinance adopted under subsection (c) denies or reduces the additional credit for taxes (as defined in IC 6-1.1-21-2) first due and payable in any year following the year in which the

1 ordinance is adopted.

2 (e) An ordinance adopted under subsection (c) remains in effect
3 until the ordinance is rescinded by the body that originally adopted the
4 ordinance. However, an ordinance may not be rescinded if the
5 rescission would adversely affect the interests of the holders of bonds
6 or other obligations that are payable from allocated tax proceeds in that
7 economic development district in a way that would create a reasonable
8 expectation that the principal of or interest on the bonds or other
9 obligations would not be paid when due. If an ordinance is rescinded
10 and no other ordinance is adopted, the additional credit described in
11 subsection (a) applies to taxes (as defined in IC 6-1.1-21-2) first due
12 and payable in each year following the year in which the resolution is
13 rescinded.

14 (f) This subsection applies to an additional area only to the extent
15 that the net assessed value of property that is assessed as residential
16 property under the rules of the department of local government finance
17 is not included in the base assessed value. If property tax installments
18 with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in
19 installments established by the department of local government finance
20 under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an
21 additional area is entitled to an additional credit under subsection (a)
22 for the taxes (as defined in IC 6-1.1-21-2) due in installments. The
23 credit shall be applied in the same proportion to each installment of
24 taxes (as defined in IC 6-1.1-21-2).

25 SECTION 26. IC 6-1.1-46 IS ADDED TO THE INDIANA CODE
26 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
27 JANUARY 1, 2009]:

28 **Chapter 46. County Government Security Trust Fund**

29 **Sec. 1. As used in this chapter, "adjusted gross income tax"**
30 **refers to the state tax on adjusted gross income imposed on persons**
31 **(as defined in IC 6-3-1-14).**

32 **Sec. 2. As used in this chapter, "department" refers to the**
33 **department of state revenue.**

34 **Sec. 3. As used in this chapter, "distribution" refers to a**
35 **distribution to a county to replace the money lost to political**
36 **subdivisions in the county as a result of granting homestead**
37 **credits.**

38 **Sec. 4. As used in this chapter, "fund" refers to the county**
39 **government security trust fund established by section 10 of this**
40 **chapter.**

41 **Sec. 5. As used in this chapter, "homestead credit" refers to a**
42 **homestead credit granted under IC 6-1.1-20.9.**

43 **Sec. 6. As used in this chapter, "obligation" means bonds, loans,**
44 **or other obligations.**

45 **Sec. 7. As used in this chapter, "revenue replacement account"**
46 **refers to the revenue replacement account of the fund.**

47 **Sec. 8. As used in this chapter, "revenue shortfall account"**

1 refers to the revenue shortfall account of the fund.

2 Sec. 9. As used in this chapter, "taxable year" has the meaning
3 set forth in IC 6-3-1-16.

4 Sec. 10. (a) The county government security trust fund is
5 established. The fund consists of the following accounts:

6 (1) The revenue replacement account.

7 (2) The revenue shortfall account.

8 (3) Any other account authorized by the budget agency.

9 (b) The fund shall be administered by the budget agency.

10 (c) The treasurer of state shall invest the money in the fund not
11 currently needed to meet the obligations of the fund in the same
12 manner as other public funds may be invested. Interest that
13 accrues from the investments shall be deposited in the revenue
14 replacement account.

15 (d) Money may not be transferred, assigned, or otherwise
16 removed from the fund by the state board of finance, the budget
17 agency, or any other state agency, except as provided in this
18 chapter.

19 Sec. 11. The department shall make the distributions required
20 under IC 6-1.1-20.9-12 to replace revenue lost from the granting of
21 homestead credits from the revenue replacement account. If the
22 amount allocated by the department from the revenue replacement
23 account exceeds in the aggregate the balance of money in the fund,
24 the amount of the deficiency shall be transferred:

25 (1) first, from the balance of the revenue replacement
26 account; and

27 (2) after the money has been exhausted under subdivision (1),
28 from the state general fund;

29 to the revenue replacement account. However, any amount
30 transferred under this section from the state general fund to the
31 revenue replacement account shall, as soon as funds are available
32 in the revenue replacement account, be retransferred from the
33 revenue replacement account to the state general fund.

34 Sec. 12. Money that is not needed to make the distributions for
35 homestead credits, as determined by the budget agency, shall be
36 transferred from the revenue replacement account to the revenue
37 shortfall account. The money shall be transferred on the schedule
38 determined by the budget agency.

39 Sec. 13. The budget agency may, after review by the budget
40 committee, use money in the revenue shortfall account for the
41 following purposes:

42 (1) First, to fully fund distributions for homestead credits in
43 years in which revenues deposited in the fund are insufficient
44 to otherwise make all distributions.

45 (2) Second, to reimburse the state for the revenue lost from
46 the granting of residential renter's credits under
47 IC 6-3.1-32.3.

48 (3) Third, to grant, loan, or advance money to political

subdivisions to provide emergency relief from a shortfall in property tax revenue resulting from any of the following:

(A) Erroneous assessed valuation figures that were used in setting property tax levies or rates.

(B) Erroneous figures that were used to determine a property tax rate.

(C) Reduction in a political subdivision's property tax levy under IC 6-1.1-17-16(d).

(D) The payment of refunds that resulted from taxpayer appeals under IC 6-1.1 or IC 6-1.5.

(4) Fourth, to establish reserves and make payments for other credit enhancements that will reduce the cost to political subdivisions of issuing obligations.

Sec. 14. The budget agency, after review by the budget committee, shall establish written procedures for allocating money under section 13 of this chapter.

Sec. 15. The budget agency may enter into the agreements necessary to carry out this chapter, including an agreement with the Indiana finance authority or another entity to provide for the guarantee of a political subdivision's obligations or to otherwise facilitate an action described in section 13(4) of this chapter.

Sec. 16. A loan or an advance from the revenue shortfall account and any other reimbursement of the revenue shortfall account required under an agreement shall be repaid to the revenue shortfall account on the schedule, in the manner, and with the interest determined by the budget agency, after review by the budget committee.

Sec. 17. A duty to make a payment from the fund does not represent or constitute a debt of the state within the meaning of the Constitution of the State of Indiana or Indiana law.

Sec. 18. Money in an account in the fund at the end of a state fiscal year does not revert to the state general fund. However, if the unencumbered balance in the revenue shortfall account at the end of a particular state fiscal year (after deducting any amount needed to meet the requirements of this chapter, as determined by the budget agency) exceeds thirty percent (30%) of the amount deposited in the fund in the state fiscal year, the budget agency shall transfer the excess from the revenue shortfall account to the state general fund.

SECTION 27. IC 6-2.5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 2. (a) The state gross retail tax is measured by the gross retail income received by a retail merchant in a retail unitary transaction and is imposed at the following rates:

STATE	GROSS RETAIL INCOME
GROSS	FROM THE
RETAIL	RETAIL UNITARY
TAX	TRANSACTION

1	\$ 0		less than	\$0.09
2	\$ 0.01	at least \$ 0.09	but less than	\$0.25
3	\$ 0.02	at least \$ 0.25	but less than	\$0.42
4	\$ 0.03	at least \$ 0.42	but less than	\$0.59
5	\$ 0.04	at least \$ 0.59	but less than	\$0.75
6	\$ 0.05	at least \$ 0.75	but less than	\$0.92
7	\$ 0.06	at least \$ 0.92	but less than	\$1.09
8	\$ 0		less than	\$0.07
9	\$ 0.01	at least \$ 0.07	but less than	\$0.21
10	\$ 0.02	at least \$ 0.21	but less than	\$0.36
11	\$ 0.03	at least \$ 0.36	but less than	\$0.50
12	\$ 0.04	at least \$ 0.50	but less than	\$0.64
13	\$ 0.05	at least \$ 0.64	but less than	\$0.78
14	\$ 0.06	at least \$ 0.78	but less than	\$0.93
15	\$ 0.07	at least \$ 0.93	but less than	\$1.08

On a retail unitary transaction in which the gross retail income received by the retail merchant is one dollar and ~~nine~~ **eight** cents (~~\$1.09~~) (**\$1.08**) or more, the state gross retail tax is ~~six~~ **seven** percent (~~6%~~) (**7%**) of that gross retail income.

(b) If the tax, computed under subsection (a), results in a fraction of one-half cent (\$0.005) or more, the amount of the tax shall be rounded to the next additional cent.

SECTION 28. IC 6-2.5-6-7 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 7. Except as otherwise provided in IC 6-2.5-7 or in this chapter, a retail merchant shall pay to the department, for a particular reporting period, an amount equal to the product of:

- (1) ~~six~~ **seven** percent (~~6%~~) (**7%**); multiplied by
- (2) the retail merchant's total gross retail income from taxable transactions made during the reporting period.

The amount determined under this section is the retail merchant's state gross retail and use tax liability regardless of the amount of tax he actually collects.

SECTION 29. IC 6-2.5-6-8 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 8. (a) For purposes of determining the amount of state gross retail and use taxes which he must remit under section 7 of this chapter, a retail merchant may exclude from his gross retail income from retail transactions made during a particular reporting period, an amount equal to the product of:

- (1) the amount of that gross retail income; multiplied by
- (2) the retail merchant's "income exclusion ratio" for the tax year which contains the reporting period.

(b) A retail merchant's "income exclusion ratio" for a particular tax year equals a fraction, the numerator of which is the retail merchant's estimated total gross retail income for the tax year from unitary retail transactions which produce gross retail income of less than ~~nine~~ **eight** cents (~~\$0.09~~) (**\$0.08**) each, and the denominator of which is the retail

1 merchant's estimated total gross retail income for the tax year from all
2 retail transactions.

3 (c) In order to minimize a retail merchant's record keeping
4 requirements, the department shall prescribe a procedure for
5 determining the retail merchant's income exclusion ratio for a tax year,
6 based on a period of time, not to exceed fifteen (15) consecutive days,
7 during the first quarter of the retail merchant's tax year. However, the
8 period of time may be changed if the change is requested by the retail
9 merchant because of ~~his~~ **the retail merchant's** peculiar accounting
10 procedures or marketing factors. In addition, if a retail merchant has
11 multiple sales locations or diverse types of sales, the department shall
12 permit the retail merchant to determine the ratio on the basis of a
13 representative sampling of the locations and types of sales.

14 SECTION 30. IC 6-2.5-6-10, AS AMENDED BY P.L.211-2007,
15 SECTION 18, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
16 JULY 1, 2008]: Sec. 10. (a) In order to compensate retail merchants for
17 collecting and timely remitting the state gross retail tax and the state
18 use tax, every retail merchant, except a retail merchant referred to in
19 subsection (c), is entitled to deduct and retain from the amount of those
20 taxes otherwise required to be remitted under IC 6-2.5-7-5 or under this
21 chapter, if timely remitted, a retail merchant's collection allowance.

22 (b) The allowance equals a percentage of the retail merchant's state
23 gross retail and use tax liability accrued during a calendar year,
24 specified as follows:

25 (1) ~~Eighty-three~~ **Seventy-one** hundredths percent (~~0.83%~~;
26 **(0.71%)**), if the retail merchant's state gross retail and use tax
27 liability accrued during the state fiscal year ending on June 30 of
28 the immediately preceding calendar year did not exceed sixty
29 thousand dollars (\$60,000).

30 (2) ~~Six-tenths~~ **Fifty-two hundredths** percent (~~0.6%~~); **(0.52%)**, if
31 the retail merchant's state gross retail and use tax liability accrued
32 during the state fiscal year ending on June 30 of the immediately
33 preceding calendar year:

34 (A) was greater than sixty thousand dollars (\$60,000); and

35 (B) did not exceed six hundred thousand dollars (\$600,000).

36 (3) ~~Three-tenths~~ **Twenty-six hundredths** percent (~~0.3%~~;
37 **(0.26%)**), if the retail merchant's state gross retail and use tax
38 liability accrued during the state fiscal year ending on June 30 of
39 the immediately preceding calendar year was greater than six
40 hundred thousand dollars (\$600,000).

41 (c) A retail merchant described in IC 6-2.5-4-5 or IC 6-2.5-4-6 is not
42 entitled to the allowance provided by this section.

43 SECTION 31. IC 6-2.5-7-3 IS AMENDED TO READ AS
44 FOLLOWS [EFFECTIVE JULY 1, 2008]: Sec. 3. (a) With respect to
45 the sale of gasoline which is dispensed from a metered pump, a retail
46 merchant shall collect, for each unit of gasoline sold, state gross retail
47 tax in an amount equal to the product, rounded to the nearest one-tenth

1 of one cent (\$0.001), of:

2 (1) the price per unit before the addition of state and federal taxes;
3 multiplied by

4 (2) ~~six seven~~ percent ~~(6%)~~: **(7%)**.

5 The retail merchant shall collect the state gross retail tax prescribed in
6 this section even if the transaction is exempt from taxation under
7 IC 6-2.5-5.

8 (b) With respect to the sale of special fuel or kerosene which is
9 dispensed from a metered pump, unless the purchaser provides an
10 exemption certificate in accordance with IC 6-2.5-8-8, a retail merchant
11 shall collect, for each unit of special fuel or kerosene sold, state gross
12 retail tax in an amount equal to the product, rounded to the nearest
13 one-tenth of one cent (\$0.001), of:

14 (1) the price per unit before the addition of state and federal taxes;
15 multiplied by

16 (2) ~~six seven~~ percent ~~(6%)~~: **(7%)**.

17 Unless the exemption certificate is provided, the retail merchant shall
18 collect the state gross retail tax prescribed in this section even if the
19 transaction is exempt from taxation under IC 6-2.5-5.

20 SECTION 32. IC 6-2.5-7-5, AS AMENDED BY P.L.182-2007,
21 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
22 JULY 1, 2008]: Sec. 5. (a) Each retail merchant who dispenses
23 gasoline or special fuel from a metered pump shall, in the manner
24 prescribed in IC 6-2.5-6, report to the department the following
25 information:

26 (1) The total number of gallons of gasoline sold from a metered
27 pump during the period covered by the report.

28 (2) The total amount of money received from the sale of gasoline
29 described in subdivision (1) during the period covered by the
30 report.

31 (3) That portion of the amount described in subdivision (2) which
32 represents state and federal taxes imposed under this article,
33 IC 6-6-1.1, or Section 4081 of the Internal Revenue Code.

34 (4) The total number of gallons of special fuel sold from a
35 metered pump during the period covered by the report.

36 (5) The total amount of money received from the sale of special
37 fuel during the period covered by the report.

38 (6) That portion of the amount described in subdivision (5) that
39 represents state and federal taxes imposed under this article,
40 IC 6-6-2.5, or Section 4041 of the Internal Revenue Code.

41 (7) The total number of gallons of E85 sold from a metered pump
42 during the period covered by the report.

43 (b) Concurrently with filing the report, the retail merchant shall
44 remit the state gross retail tax in an amount which equals ~~five six~~ and
45 ~~sixty-six~~ **fifty-four** hundredths percent ~~(5.66%)~~ **(6.54%)** of the gross
46 receipts, including state gross retail taxes but excluding Indiana and
47 federal gasoline and special fuel taxes, received by the retail merchant

from the sale of the gasoline and special fuel that is covered by the report and on which the retail merchant was required to collect state gross retail tax. The retail merchant shall remit that amount regardless of the amount of state gross retail tax which ~~he~~ **the retail merchant** has actually collected under this chapter. However, the retail merchant is entitled to deduct and retain the amounts prescribed in subsection (c), IC 6-2.5-6-10, and IC 6-2.5-6-11.

(c) A retail merchant is entitled to deduct from the amount of state gross retail tax required to be remitted under subsection (b) the amount determined under STEP THREE of the following formula:

STEP ONE: Determine:

(A) the sum of the prepayment amounts made during the period covered by the retail merchant's report; minus

(B) the sum of prepayment amounts collected by the retail merchant, in the merchant's capacity as a qualified distributor, during the period covered by the retail merchant's report.

STEP TWO: Subject to subsection (d), for reporting periods ending before July 1, 2020, determine the product of:

(A) eighteen cents (\$0.18); multiplied by

(B) the number of gallons of E85 sold at retail by the retail merchant during the period covered by the retail merchant's report.

STEP THREE: Add the amounts determined under STEPS ONE and TWO.

For purposes of this section, a prepayment of the gross retail tax is presumed to occur on the date on which it is invoiced.

(d) The total amount of deductions allowed under subsection (c) STEP TWO may not exceed one million dollars (\$1,000,000) for all retail merchants in all reporting periods. A retail merchant is not required to apply for an allocation of deductions under subsection (c) STEP TWO. If the department determines that the sum of:

(1) the deductions that would otherwise be reported under subsection (c) STEP TWO for a reporting period; plus

(2) the total amount of deductions granted under subsection (c) STEP TWO in all preceding reporting periods;

will exceed one million dollars (\$1,000,000), the department shall publish in the Indiana Register a notice that the deduction program under subsection (c) STEP TWO is terminated after the date specified in the notice and that no additional deductions will be granted for retail transactions occurring after the date specified in the notice.

SECTION 33. IC 6-2.5-10-1, AS AMENDED BY P.L.234-2007, SECTION 40, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE AUGUST 1, 2008]: Sec. 1. (a) The department shall account for all state gross retail and use taxes that it collects.

(b) The department shall deposit those collections in the following manner:

(1) ~~Fifty~~ **Thirty-five and seven hundred twenty-one**

~~thousandths~~ percent ~~(50%)~~ **(35.721%)** of the collections shall be paid into the property tax replacement fund established under IC 6-1.1-21.

(2) Fourteen and two hundred eighty-six thousandths percent (14.286%) of the collections shall be deposited in the county government security trust fund established by IC 6-1.1-46-10.

~~(2) (3) Forty-nine and sixty-seven thousandths one hundred ninety-four thousandths percent (49.067%) (49.194%)~~ of the collections shall be paid into the state general fund.

~~(3) (4) Seventy-six hundredths Six hundred fifty thousandths of one percent (0.76%) (0.650%)~~ of the collections shall be paid into the public mass transportation fund established by IC 8-23-3-8.

~~(4) (5) Thirty-three Thousandths of one percent (0.033%) (0.028%)~~ of the collections shall be deposited into the industrial rail service fund established under IC 8-3-1.7-2.

~~(5) (6) Fourteen-hundredths One hundred twenty-one thousandths of one percent (0.14%) (0.121%)~~ of the collections shall be deposited into the commuter rail service fund established under IC 8-3-1.5-20.5.

SECTION 34. IC 6-3-1-3.5, AS AMENDED BY P.L.144-2007, SECTION 3, AS AMENDED BY P.L.211-2007, SECTION 19, AND AS AMENDED BY P.L.223-2007, SECTION 1, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

1 (5) Subtract:

2 (A) for taxable years beginning after December 31, 2004, one
3 thousand five hundred dollars (\$1,500) for each of the
4 exemptions allowed under Section 151(c)(1)(B) of the Internal
5 Revenue Code (as effective January 1, 2004); and

6 (B) five hundred dollars (\$500) for each additional amount
7 allowable under Section 63(f)(1) of the Internal Revenue Code
8 if the adjusted gross income of the taxpayer, or the taxpayer
9 and the taxpayer's spouse in the case of a joint return, is less
10 than forty thousand dollars (\$40,000).

11 This amount is in addition to the amount subtracted under
12 subdivision (4).

13 (6) Subtract an amount equal to the lesser of:

14 (A) that part of the individual's adjusted gross income (as
15 defined in Section 62 of the Internal Revenue Code) for that
16 taxable year that is subject to a tax that is imposed by a
17 political subdivision of another state and that is imposed on or
18 measured by income; or

19 (B) two thousand dollars (\$2,000).

20 (7) Add an amount equal to the total capital gain portion of a
21 lump sum distribution (as defined in Section 402(e)(4)(D) of the
22 Internal Revenue Code) if the lump sum distribution is received
23 by the individual during the taxable year and if the capital gain
24 portion of the distribution is taxed in the manner provided in
25 Section 402 of the Internal Revenue Code.

26 (8) Subtract any amounts included in federal adjusted gross
27 income under Section 111 of the Internal Revenue Code as a
28 recovery of items previously deducted as an itemized deduction
29 from adjusted gross income.

30 (9) Subtract any amounts included in federal adjusted gross
31 income under the Internal Revenue Code which amounts were
32 received by the individual as supplemental railroad retirement
33 annuities under 45 U.S.C. 231 and which are not deductible under
34 subdivision (1).

35 (10) Add an amount equal to the deduction allowed under Section
36 221 of the Internal Revenue Code for married couples filing joint
37 returns if the taxable year began before January 1, 1987.

38 (11) Add an amount equal to the interest excluded from federal
39 gross income by the individual for the taxable year under Section
40 128 of the Internal Revenue Code if the taxable year began before
41 January 1, 1985.

42 (12) Subtract an amount equal to the amount of federal Social
43 Security and Railroad Retirement benefits included in a taxpayer's
44 federal gross income by Section 86 of the Internal Revenue Code.

45 (13) In the case of a nonresident taxpayer or a resident taxpayer
46 residing in Indiana for a period of less than the taxpayer's entire
47 taxable year, the total amount of the deductions allowed pursuant

to subdivisions (3), (4), (5), and (6) shall be reduced to an amount which bears the same ratio to the total as the taxpayer's income taxable in Indiana bears to the taxpayer's total income.

(14) In the case of an individual who is a recipient of assistance under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7, subtract an amount equal to that portion of the individual's adjusted gross income with respect to which the individual is not allowed under federal law to retain an amount to pay state and local income taxes.

(15) In the case of an eligible individual, subtract the amount of a Holocaust victim's settlement payment included in the individual's federal adjusted gross income.

(16) For taxable years beginning after December 31, 1999, subtract an amount equal to the portion of any premiums paid during the taxable year by the taxpayer for a qualified long term care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the taxpayer's spouse, or both.

~~(17)~~ Subtract an amount equal to the lesser of:

~~(A)~~ for a taxable year:

~~(i)~~ including any part of 2004, the amount determined under subsection (f); and

~~(ii)~~ beginning after December 31, 2004, two thousand five hundred dollars (\$2,500); or

~~(B)~~ the amount of property taxes that are paid during the taxable year in Indiana by the individual on the individual's principal place of residence.

~~(18)~~ **(17)** Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the individual's federal adjusted gross income.

~~(19)~~ **(18)** Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

~~(20)~~ **(19)** Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

~~(21)~~ **(20)** Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal

Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

~~(22)~~ (21) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

~~(23)~~ (22) *Subtract an amount equal to the amount of the taxpayer's qualified military income that was not excluded from the taxpayer's gross income for federal income tax purposes under Section 112 of the Internal Revenue Code.*

(23) *Subtract income that is:*

(A) *exempt from taxation under IC 6-3-2-21.7; and*

(B) *included in the individual's federal adjusted gross income under the Internal Revenue Code.*

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal

Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Add an amount equal to any deduction for dividends paid (as defined in Section 561 of the Internal Revenue Code) to shareholders of a captive real estate investment trust (as defined in section 34.5 of this chapter).

~~(10)~~ **(11)** Subtract income that is:

(A) exempt from taxation under IC 6-3-2-21.7; and

(B) included in the corporation's taxable income under the Internal Revenue Code.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as

defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) *Subtract income that is:*

(A) *exempt from taxation under IC 6-3-2-21.7; and*

(B) *included in the insurance company's taxable income under the Internal Revenue Code.*

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not

1 been made for the year in which the property was placed in
 2 service to take deductions under Section 179 of the Internal
 3 Revenue Code in a total amount exceeding twenty-five thousand
 4 dollars (\$25,000).

5 (8) Add an amount equal to the amount that a taxpayer claimed as
 6 a deduction for domestic production activities for the taxable year
 7 under Section 199 of the Internal Revenue Code for federal
 8 income tax purposes.

9 (9) *Subtract income that is:*

10 (A) *exempt from taxation under IC 6-3-2-21.7; and*

11 (B) *included in the insurance company's taxable income under*
 12 *the Internal Revenue Code.*

13 (e) In the case of trusts and estates, "taxable income" (as defined for
 14 trusts and estates in Section 641(b) of the Internal Revenue Code)
 15 adjusted as follows:

16 (1) Subtract income that is exempt from taxation under this article
 17 by the Constitution and statutes of the United States.

18 (2) Subtract an amount equal to the amount of a September 11
 19 terrorist attack settlement payment included in the federal
 20 adjusted gross income of the estate of a victim of the September
 21 11 terrorist attack or a trust to the extent the trust benefits a victim
 22 of the September 11 terrorist attack.

23 (3) Add or subtract the amount necessary to make the adjusted
 24 gross income of any taxpayer that owns property for which bonus
 25 depreciation was allowed in the current taxable year or in an
 26 earlier taxable year equal to the amount of adjusted gross income
 27 that would have been computed had an election not been made
 28 under Section 168(k) of the Internal Revenue Code to apply bonus
 29 depreciation to the property in the year that it was placed in
 30 service.

31 (4) Add an amount equal to any deduction allowed under Section
 32 172 of the Internal Revenue Code.

33 (5) Add or subtract the amount necessary to make the adjusted
 34 gross income of any taxpayer that placed Section 179 property (as
 35 defined in Section 179 of the Internal Revenue Code) in service
 36 in the current taxable year or in an earlier taxable year equal to
 37 the amount of adjusted gross income that would have been
 38 computed had an election for federal income tax purposes not
 39 been made for the year in which the property was placed in
 40 service to take deductions under Section 179 of the Internal
 41 Revenue Code in a total amount exceeding twenty-five thousand
 42 dollars (\$25,000).

43 (6) Add an amount equal to the amount that a taxpayer claimed as
 44 a deduction for domestic production activities for the taxable year
 45 under Section 199 of the Internal Revenue Code for federal
 46 income tax purposes.

47 (7) *Subtract income that is:*

1 *(A) exempt from taxation under IC 6-3-2-21.7; and*

2 *(B) included in the taxpayer's taxable income under the*
 3 *Internal Revenue Code.*

4 (f) This subsection applies only to the extent that an individual paid
 5 property taxes in 2004 that were imposed for the March 1, 2002,
 6 assessment date or the January 15, 2003, assessment date. The
 7 maximum amount of the deduction under subsection (a)(17) is equal
 8 to the amount determined under STEP FIVE of the following formula:

9 STEP ONE: Determine the amount of property taxes that the
 10 taxpayer paid after December 31, 2003, in the taxable year for
 11 property taxes imposed for the March 1, 2002, assessment date
 12 and the January 15, 2003, assessment date.

13 STEP TWO: Determine the amount of property taxes that the
 14 taxpayer paid in the taxable year for the March 1, 2003,
 15 assessment date and the January 15, 2004, assessment date.

16 STEP THREE: Determine the result of the STEP ONE amount
 17 divided by the STEP TWO amount.

18 STEP FOUR: Multiply the STEP THREE amount by two
 19 thousand five hundred dollars (\$2,500).

20 STEP FIVE: Determine the sum of the STEP FOUR amount and
 21 two thousand five hundred dollars (\$2,500).

22 SECTION 35. IC 6-3-2-1 IS AMENDED TO READ AS FOLLOWS
 23 [EFFECTIVE JULY 1, 2008]: Sec. 1. (a) Each taxable year, a tax at the
 24 rate of ~~three and four-tenths five~~ percent (~~3.4%~~) (**5%**) of adjusted gross
 25 income is imposed upon the adjusted gross income of every resident
 26 person, and on that part of the adjusted gross income derived from
 27 sources within Indiana of every nonresident person.

28 (b) Except as provided in section 1.5 of this chapter, each taxable
 29 year, a tax at the rate of eight and five-tenths percent (8.5%) of adjusted
 30 gross income is imposed on that part of the adjusted gross income
 31 derived from sources within Indiana of every corporation.

32 SECTION 36. IC 6-3-2-4, AS AMENDED BY P.L.144-2007,
 33 SECTION 5, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 34 JANUARY 1, 2009]: Sec. 4. (a) Each taxable year, an individual, or the
 35 individual's surviving spouse, is entitled to an adjusted gross income
 36 tax deduction for the first five thousand dollars (\$5,000) of income,
 37 including retirement or survivor's benefits, received during the taxable
 38 year by the individual, or the individual's surviving spouse, for the
 39 individual's service in an active or reserve component of the armed
 40 forces of the United States, including the army, navy, air force, coast
 41 guard, marine corps, merchant marine, Indiana army national guard, or
 42 Indiana air national guard. However, a person who is less than sixty
 43 (60) years of age on the last day of the person's taxable year is not, for
 44 that taxable year, entitled to a deduction under this section for
 45 retirement or survivor's benefits.

46 (b) An individual whose qualified military income is subtracted
 47 from the individual's federal adjusted gross income under

~~IC 6-3-1-3.5(a)(23)~~ **IC 6-3-1-3.5(a)(22)** for Indiana individual income tax purposes is not, for that taxable year, entitled to a deduction under this section for the individual's qualified military income.

SECTION 37. IC 6-3-7-3 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE AUGUST 1, 2008]: Sec. 3. (a) ~~At~~ **The** revenues derived from collection of the adjusted gross income tax imposed on corporations shall be deposited in the state general fund.

(b) All revenues derived from collection of the adjusted gross income tax imposed on persons shall be deposited as follows:

(1) ~~Eighty-six~~ **Fifty-eight and forty-eight hundredths** percent ~~(86%)~~ **(58.48%)** in the state general fund.

(2) **Thirty-two percent (32%) in the county government security trust fund established by IC 6-1.1-46-10.**

~~(2) Fourteen~~ (3) **Nine and fifty-two hundredths** percent ~~(14%)~~ **(9.52%)** in the property tax replacement fund.

SECTION 38. IC 6-3.1-32.3 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008 (RETROACTIVE)]:

Chapter 32.3. Residential Renter's Credit

Sec. 1. As used in this chapter, "credit" refers to a credit granted by this chapter against adjusted gross income.

Sec. 2. (a) As used in this chapter, a "dwelling" includes a single family dwelling and unit of a multifamily dwelling.

(b) The term does not include a dwelling that is exempt from Indiana property tax.

Sec. 3. An individual who rents a dwelling for use as the individual's principal place of residence is entitled to a credit against the individual's adjusted gross income.

Sec. 4. The amount of the credit is equal to eight percent (8%) of the amount of rent paid by the individual with respect to the dwelling during the taxable year.

Sec. 5. A husband and wife filing a joint adjusted gross income tax return for a particular taxable year may not claim more than one (1) credit in a taxable year.

Sec. 6. If the amount of a credit for which an individual is eligible in a taxable year exceeds the individual's adjusted gross income tax liability for the taxable year, the individual is entitled to elect to:

(1) receive a refund of the excess credit; or

(2) carry the excess over to the following taxable years, if the individual does not elect to have the excess refunded.

The amount of the credit carryover from a taxable year shall be reduced to the extent that the carryover is used by the individual to obtain a credit under this chapter for any subsequent taxable year. An individual is not entitled to a carryback.

Sec. 7. To receive the credit, an individual must claim the credit on the individual's state tax return or returns in the manner

1 **prescribed by the department. The individual must submit to the**
 2 **department all information that the department determines is**
 3 **necessary to determine the individual's eligibility for the credit.**

4 SECTION 39. IC 6-3.5-1.1-11, AS AMENDED BY P.L.224-2007,
 5 SECTION 63, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 6 JANUARY 1, 2009]: Sec. 11. (a) Except for:

7 (1) revenue that must be used to pay the costs of:

8 (A) financing, constructing, acquiring, improving, renovating,
 9 equipping, operating, or maintaining facilities and buildings;

10 (B) debt service on bonds; or

11 (C) lease rentals;

12 under section 2.3 of this chapter;

13 (2) revenue that must be used to pay the costs of operating a jail
 14 and juvenile detention center under section 2.5(d) of this chapter;

15 (3) revenue that must be used to pay the costs of:

16 (A) financing, constructing, acquiring, improving, renovating,
 17 equipping, operating, or maintaining facilities and buildings;

18 (B) debt service on bonds; or

19 (C) lease rentals;

20 under section 2.8 of this chapter;

21 (4) revenue that must be used to pay the costs of construction,
 22 improvement, renovation, or remodeling of a jail and related
 23 buildings and parking structures under section 2.7, 2.9, or 3.3 of
 24 this chapter;

25 (5) revenue that must be used to pay the costs of operating and
 26 maintaining a jail and justice center under section 3.5(d) of this
 27 chapter;

28 (6) revenue that must be used to pay the costs of constructing,
 29 acquiring, improving, renovating, or equipping a county
 30 courthouse under section 3.6 of this chapter; or

31 (7) revenue attributable to a tax rate under section 24, 25, or 26 of
 32 this chapter;

33 the certified distribution received by a county treasurer shall, in the
 34 manner prescribed in this section, be allocated, distributed, and used
 35 by the civil taxing units and school corporations of the county as
 36 certified shares and property tax replacement credits.

37 (b) Before August 10 of each calendar year, each county auditor
 38 shall determine the part of the certified distribution for the next
 39 succeeding calendar year that will be allocated as property tax
 40 replacement credits and the part that will be allocated as certified
 41 shares. The percentage of a certified distribution that will be allocated
 42 as property tax replacement credits or as certified shares depends upon
 43 the county adjusted gross income tax rate for resident county taxpayers
 44 in effect on August 1 of the calendar year that precedes the year in
 45 which the certified distribution will be received by two (2) years. The
 46 percentages are set forth in the following table:

47 **PROPERTY**

COUNTY	TAX	
ADJUSTED GROSS	REPLACEMENT	CERTIFIED
INCOME TAX RATE	CREDITS	SHARES
0.5%	50%	50%
0.75%	33 1/3%	66 2/3%
1%	25%	75%
0.5%	25%	75%
0.75%	16 2/3%	83 1/3%
1%	12 1/2%	87 1/2%

(c) The part of a certified distribution that constitutes property tax replacement credits shall be distributed as provided under sections 12, 13, and 14 of this chapter.

(d) The part of a certified distribution that constitutes certified shares shall be distributed as provided by section 15 of this chapter.

SECTION 40. IC 6-3.5-1.1-26, AS ADDED BY P.L.224-2007, SECTION 68, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 26. (a) A county council may impose a tax rate under this section to provide property tax relief to political subdivisions in the county. A county council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five hundredths of one percent (0.05%) determined by the county council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded by a county council at the same time and in the same manner that the county council may impose or increase a tax rate under section 24 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county council:

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. Any tax revenue that is attributable to the tax rate under this section and that is used to provide local property tax replacement credits under this subdivision shall be distributed to civil taxing units and school corporations in the county in the same manner that certified distributions are allocated as property tax replacement credits under section 12 of this chapter. The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that

each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year. **The property tax replacement credit shall be applied after any credit available under IC 6-1.1-20.9, IC 6-1.1-21, IC 6-3.5-7-26, or section 11 of this chapter.**

(2) The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide additional homestead credits in that year.

~~(3)~~ **(2)** The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property (as defined in IC 6-1.1-20.6-4) consisting of:

(A) real property consisting of not more than four (4) units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

(B) mobile homes (as defined in IC 6-1.1-1-8.7) that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more; and

(C) real property consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

in the county, **including not more than one (1) acre used for residential purposes on which the real property or mobile homes are located, regardless of whether the property is classified as residential or commercial under the rules adopted by the department of local government finance.** Any tax revenue that is attributable to the tax rate under this section and that is used to provide local property tax replacement credits under this subdivision shall be distributed to civil taxing units and school corporations in the county in the same manner that certified distributions are allocated as property tax replacement credits under section 12 of this chapter. The department of local

government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year. **The property tax replacement credit shall be applied after any credit available under IC 6-1.1-20.9, IC 6-1.1-21, IC 6-3.5-7-26, or section 11 of this chapter.**

(g) The tax rate under this section and the tax revenue attributable to the tax rate under this section shall not be considered for purposes of computing:

- (1) the maximum income tax rate that may be imposed in a county under section 2 of this chapter or any other provision of this chapter;
- (2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b); or
- (3) the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(i) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(j) The amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive under subsection (f)(2) during a calendar year equals the product of:

- (1) the tax revenue attributable to a tax rate under this section that is dedicated to property tax replacement credits under subsection (f)(2); multiplied by**
- (2) the following fraction:**
 - (A) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.**
 - (B) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.**

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school

corporation in the auditor's county is entitled to receive under subsection (f)(2). The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under subsection (f)(2) during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

SECTION 41. IC 6-3.5-6-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 2. (a) A county income tax council is established for each county in Indiana. The membership of each county's county income tax council consists of the fiscal body of the county and the fiscal body of each city or town that lies either partially or entirely within that county.

(b) Using procedures described in this chapter, a county income tax council may adopt ordinances to:

- (1) impose the county option income tax in its county;
- (2) subject to section 12 of this chapter, rescind the county option income tax in its county;
- (3) increase the county option income tax rate for the county;
- (4) freeze the county option income tax rate for its county;
- (5) ~~increase the homestead~~ **provide a property tax replacement credit in its county under section 13 of this chapter;** or
- (6) subject to section 12.5 of this chapter, decrease the county option income tax rate for the county.

(c) An ordinance adopted in a particular year under this chapter to impose or rescind the county option income tax or to increase its tax rate is effective July 1 of that year.

SECTION 42. IC 6-3.5-6-13, AS AMENDED BY P.L.224-2007, SECTION 76, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 13. (a) A county income tax council of a county in which the county option income tax is in effect may adopt an ordinance to ~~increase the percentage credit allowed for homesteads in its county under IC 6-1.1-20.9-2;~~ **provide a property tax replacement credit in the county.**

(b) A county income tax council may not ~~increase the~~ **provide a property tax replacement credit** percentage ~~credit allowed for homesteads by an~~ **under this section that would provide a total amount of credits in a year** that exceeds the amount determined in the last STEP of the following formula:

STEP ONE: Determine the amount of the sum of all property tax levies for all taxing units in a county which are to be paid in the county in 2003 as reflected by the auditor's abstract for the 2002 assessment year, adjusted, however, for any postabstract adjustments which change the amount of the levies.

STEP TWO: Determine the amount of the county's estimated

property tax replacement under IC 6-1.1-21-3(a) for property taxes first due and payable in 2003.

STEP THREE: Subtract the STEP TWO amount from the STEP ONE amount.

STEP FOUR: Determine the amount of the county's total county levy (as defined in IC 6-1.1-21-2(g)) for property taxes first due and payable in 2003.

STEP FIVE: Subtract the STEP FOUR amount from the STEP ONE amount.

STEP SIX: Subtract the STEP FIVE result from the STEP THREE result.

STEP SEVEN: Divide the STEP THREE result by the STEP SIX result.

STEP EIGHT: Multiply the STEP SEVEN result by eight-hundredths (0.08).

STEP NINE: Round the STEP EIGHT product to the nearest one-thousandth (0.001) and express the result as a percentage.

(c) ~~The increase of the homestead credit percentage must be uniform for all homesteads in a county.~~ **tax revenue may be used to provide local property tax replacement credits at a uniform rate to all taxpayers in the county. The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subsection. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subsection during that calendar year.**

(d) In the ordinance that ~~increases the homestead~~ **provides a credit** percentage **under this section**, a county income tax council may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years.

(e) An ordinance may be adopted under this section after March 31 but before August 1 of a calendar year.

(f) An ordinance adopted under this section takes effect on January 1 of the next succeeding calendar year.

(g) Any ordinance adopted under this section for a county is repealed for a year if on January 1 of that year the county option income tax is not in effect.

(h) A credit under this section shall be applied after the total property tax liability imposed against property covered by the credit after the application of all deductions to which the property is entitled and all credits granted under IC 6-1.1-20.9, IC 6-1.1-21, or IC 6-3.5-7-26.

SECTION 43. IC 6-3.5-6-18, AS AMENDED BY P.L.224-2007, SECTION 79, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 18. (a) The revenue a county auditor

- 1 receives under this chapter shall be used to:
- 2 (1) replace the amount, if any, of property tax revenue lost due to
- 3 the allowance of an increased homestead credit within the county;
- 4 (2) fund the operation of a public communications system and
- 5 computer facilities district as provided in an election, if any, made
- 6 by the county fiscal body under IC 36-8-15-19(b);
- 7 (3) fund the operation of a public transportation corporation as
- 8 provided in an election, if any, made by the county fiscal body
- 9 under IC 36-9-4-42;
- 10 (4) make payments permitted under IC 36-7-15.1-17.5;
- 11 (5) make payments permitted under subsection (i);
- 12 (6) make distributions of distributive shares to the civil taxing
- 13 units of a county; and
- 14 (7) make the distributions permitted under sections 27, 28, 29, 30,
- 15 31, 32, and 33 of this chapter.
- 16 (b) The county auditor shall retain from the payments of the county's
- 17 certified distribution an amount equal to the revenue lost, if any, due to
- 18 ~~the increase of the homestead~~ **a property tax replacement** credit
- 19 **established under section 13 of this chapter** within the county. This
- 20 money shall be distributed to the civil taxing units and school
- 21 corporations of the county as though they were property tax collections
- 22 and in such a manner that no civil taxing unit or school corporation
- 23 shall suffer a net revenue loss due to the allowance of ~~an increased~~
- 24 ~~homestead~~ **the property tax replacement** credit.
- 25 (c) The county auditor shall retain:
- 26 (1) the amount, if any, specified by the county fiscal body for a
- 27 particular calendar year under subsection (i), IC 36-7-15.1-17.5,
- 28 IC 36-8-15-19(b), and IC 36-9-4-42 from the county's certified
- 29 distribution for that same calendar year; and
- 30 (2) the amount of an additional tax rate imposed under section 27,
- 31 28, 29, 30, 31, 32, or 33 of this chapter.
- 32 The county auditor shall distribute amounts retained under this
- 33 subsection to the county.
- 34 (d) All certified distribution revenues that are not retained and
- 35 distributed under subsections (b) and (c) shall be distributed to the civil
- 36 taxing units of the county as distributive shares.
- 37 (e) The amount of distributive shares that each civil taxing unit in
- 38 a county is entitled to receive during a month equals the product of the
- 39 following:
- 40 (1) The amount of revenue that is to be distributed as distributive
- 41 shares during that month; multiplied by
- 42 (2) A fraction. The numerator of the fraction equals the allocation
- 43 amount for the civil taxing unit for the calendar year in which the
- 44 month falls. The denominator of the fraction equals the sum of the
- 45 allocation amounts of all the civil taxing units of the county for
- 46 the calendar year in which the month falls.
- 47 (f) The department of local government finance shall provide each

1 county auditor with the fractional amount of distributive shares that
 2 each civil taxing unit in the auditor's county is entitled to receive
 3 monthly under this section.

4 (g) Notwithstanding subsection (e), if a civil taxing unit of an
 5 adopting county does not impose a property tax levy that is first due
 6 and payable in a calendar year in which distributive shares are being
 7 distributed under this section, that civil taxing unit is entitled to receive
 8 a part of the revenue to be distributed as distributive shares under this
 9 section within the county. The fractional amount such a civil taxing
 10 unit is entitled to receive each month during that calendar year equals
 11 the product of the following:

12 (1) The amount to be distributed as distributive shares during that
 13 month; multiplied by

14 (2) A fraction. The numerator of the fraction equals the budget of
 15 that civil taxing unit for that calendar year. The denominator of
 16 the fraction equals the aggregate budgets of all civil taxing units
 17 of that county for that calendar year.

18 (h) If for a calendar year a civil taxing unit is allocated a part of a
 19 county's distributive shares by subsection (g), then the formula used in
 20 subsection (e) to determine all other civil taxing units' distributive
 21 shares shall be changed each month for that same year by reducing the
 22 amount to be distributed as distributive shares under subsection (e) by
 23 the amount of distributive shares allocated under subsection (g) for that
 24 same month. The department of local government finance shall make
 25 any adjustments required by this subsection and provide them to the
 26 appropriate county auditors.

27 (i) Notwithstanding any other law, a county fiscal body may pledge
 28 revenues received under this chapter (other than revenues attributable
 29 to a tax rate imposed under section 30, 31, or 32 of this chapter) to the
 30 payment of bonds or lease rentals to finance a qualified economic
 31 development tax project under IC 36-7-27 in that county or in any other
 32 county if the county fiscal body determines that the project will
 33 promote significant opportunities for the gainful employment or
 34 retention of employment of the county's residents.

35 SECTION 44. IC 6-3.5-6-30, AS ADDED BY P.L.224-2007,
 36 SECTION 83, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
 37 JANUARY 1, 2009]: Sec. 30. (a) In a county in which the county
 38 option income tax is in effect, the county income tax council may,
 39 before August 1 of a year, adopt an ordinance to impose or increase (as
 40 applicable) a tax rate under this section.

41 (b) In a county in which neither the county option adjusted gross
 42 income tax nor the county option income tax is in effect, the county
 43 income tax council may, before August 1 of a year, adopt an ordinance
 44 to impose a tax rate under this section.

45 (c) An ordinance adopted under this section takes effect October 1
 46 of the year in which the ordinance is adopted. If a county income tax
 47 council adopts an ordinance to impose or increase a tax rate under this

1 section, the county auditor shall send a certified copy of the ordinance
2 to the department and the department of local government finance by
3 certified mail.

4 (d) A tax rate under this section is in addition to any other tax rates
5 imposed under this chapter and does not affect the purposes for which
6 other tax revenue under this chapter may be used.

7 (e) The following apply only in the year in which a county income
8 tax council first imposes a tax rate under this section:

9 (1) The county income tax council shall, in the ordinance
10 imposing the tax rate, specify the tax rate for each of the
11 following two (2) years.

12 (2) The tax rate that must be imposed in the county from October
13 1 of the year in which the tax rate is imposed through September
14 30 of the following year is equal to the result of:

15 (A) the tax rate determined for the county under
16 IC 6-3.5-1.5-1(a) in that year; multiplied by

17 (B) the following:

18 (i) In a county containing a consolidated city, one and
19 five-tenths (1.5).

20 (ii) In a county other than a county containing a consolidated
21 city, two (2).

22 (3) The tax rate that must be imposed in the county from October
23 1 of the following year through September 30 of the year after the
24 following year is the tax rate determined for the county under
25 IC 6-3.5-1.5-1(b). The tax rate under this subdivision continues
26 in effect in later years unless the tax rate is increased under this
27 section.

28 (4) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
29 IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to
30 property taxes first due and payable in the ensuing calendar year
31 and to property taxes first due and payable in the calendar year
32 after the ensuing calendar year.

33 (f) The following apply only in a year in which a county income tax
34 council increases a tax rate under this section.

35 (1) The county income tax council shall, in the ordinance
36 increasing the tax rate, specify the tax rate for the following year.

37 (2) The tax rate that must be imposed in the county from October
38 1 of the year in which the tax rate is increased through September
39 30 of the following year is equal to the result of:

40 (A) the tax rate determined for the county under
41 IC 6-3.5-1.5-1(a) in the year the tax rate is increased; plus

42 (B) the tax rate currently in effect in the county under this
43 section.

44 The tax rate under this subdivision continues in effect in later
45 years unless the tax rate is increased under this section.

46 (3) The levy limitations in IC 6-1.1-18.5-3(g), IC 6-1.1-18.5-3(h),
47 IC 12-19-7-4(b), IC 12-19-7.5-6(b), and IC 12-29-2-2(c) apply to

- 1 property taxes first due and payable in the ensuing calendar year.
- 2 (g) The department of local government finance shall determine the
- 3 following property tax replacement distribution amounts:
- 4 STEP ONE: Determine the sum of the amounts determined under
- 5 STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) for the
- 6 county in the preceding year.
- 7 STEP TWO: For distribution to each civil taxing unit that in the
- 8 year had a maximum permissible property tax levy limited under
- 9 IC 6-1.1-18.5-3(g), determine the result of:
- 10 (1) the quotient of:
- 11 (A) the part of the amount determined under STEP ONE of
- 12 IC 6-3.5-1.5-1(a) in the preceding year that was attributable
- 13 to the civil taxing unit; divided by
- 14 (B) the STEP ONE amount; multiplied by
- 15 (2) the tax revenue received by the county treasurer under this
- 16 section.
- 17 STEP THREE: For distribution to the county for deposit in the
- 18 county family and children's fund, determine the result of:
- 19 (1) the quotient of:
- 20 (A) the amount determined under STEP TWO of
- 21 IC 6-3.5-1.5-1(a) in the preceding year; divided by
- 22 (B) the STEP ONE amount; multiplied by
- 23 (2) the tax revenue received by the county treasurer under this
- 24 section.
- 25 STEP FOUR: For distribution to the county for deposit in the
- 26 county children's psychiatric residential treatment services fund,
- 27 determine the result of:
- 28 (1) the quotient of:
- 29 (A) the amount determined under STEP THREE of
- 30 IC 6-3.5-1.5-1(a) in the preceding year; divided by
- 31 (B) the STEP ONE amount; multiplied by
- 32 (2) the tax revenue received by the county treasurer under this
- 33 section.
- 34 STEP FIVE: For distribution to the county for community mental
- 35 health center purposes, determine the result of:
- 36 (1) the quotient of:
- 37 (A) the amount determined under STEP FOUR of
- 38 IC 6-3.5-1.5-1(a) in the preceding year; divided by
- 39 (B) the STEP ONE amount; multiplied by
- 40 (2) the tax revenue received by the county treasurer under this
- 41 section.
- 42 Except as provided in subsection (m), the county treasurer shall
- 43 distribute the portion of the certified distribution that is attributable to
- 44 a tax rate under this section as specified in this section. The county
- 45 treasurer shall make the distributions under this subsection at the same
- 46 time that distributions are made to civil taxing units under section 18
- 47 of this chapter.

(h) Notwithstanding sections 12 and 12.5 of this chapter, a county income tax council may not decrease or rescind a tax rate imposed under this chapter.

(i) The tax rate under this section shall not be considered for purposes of computing:

(1) the maximum income tax rate that may be imposed in a county under section 8 or 9 of this chapter or any other provision of this chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(j) The tax levy under this section shall not be considered for purposes of computing the total county tax levy under IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), or IC 6-1.1-21-2(g)(5).

(k) A distribution under this section shall be treated as a part of the receiving civil taxing unit's property tax levy for that year for purposes of fixing its budget and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(l) If a county income tax council imposes a tax rate under this section, the county option income tax rate dedicated **under section 13 of this chapter** to locally funded ~~homestead~~ credits in the county may not be decreased.

(m) In the year following the year in which a county first imposes a tax rate under this section:

(1) one-third (1/3) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county containing a consolidated city; and

(2) one-half (1/2) of the tax revenue that is attributable to the tax rate under this section must be deposited in the county stabilization fund established under subsection (o), in the case of a county not containing a consolidated city.

(n) A pledge of county option income taxes does not apply to revenue attributable to a tax rate under this section.

(o) A county stabilization fund is established in each county that imposes a tax rate under this section. The county stabilization fund shall be administered by the county auditor. If for a year the certified distributions attributable to a tax rate under this section exceed the amount calculated under STEP ONE through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section, the excess shall be deposited in the county stabilization fund. Money shall be distributed from the county stabilization fund in a year by the county auditor to political subdivisions entitled to a distribution of tax revenue attributable to the tax rate under this section if:

(1) the certified distributions attributable to a tax rate under this section are less than the amount calculated under STEP ONE

through STEP FOUR of IC 6-3.5-1.5-1(a) that is used by the department of local government finance and the department of state revenue to determine the tax rate under this section for a year; or

(2) the certified distributions attributable to a tax rate under this section in a year are less than the certified distributions attributable to a tax rate under this section in the preceding year.

However, subdivision (2) does not apply to the year following the first year in which certified distributions of revenue attributable to the tax rate under this section are distributed to the county.

(p) Notwithstanding any other provision, a tax rate imposed under this section may not exceed one percent (1%).

(q) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(r) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the additional tax rate under this section.

SECTION 45. IC 6-3.5-6-32, AS ADDED BY P.L.224-2007, SECTION 85, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 32. (a) A county income tax council may impose a tax rate under this section to provide property tax relief to political subdivisions in the county. A county income tax council is not required to impose any other tax before imposing a tax rate under this section.

(b) A tax rate under this section may be imposed in increments of five hundredths of one percent (0.05%) determined by the county income tax council. A tax rate under this section may not exceed one percent (1%).

(c) A tax rate under this section is in addition to any other tax rates imposed under this chapter and does not affect the purposes for which other tax revenue under this chapter may be used.

(d) If a county income tax council adopts an ordinance to impose or increase a tax rate under this section, the county auditor shall send a certified copy of the ordinance to the department and the department of local government finance by certified mail.

(e) A tax rate under this section may be imposed, increased, decreased, or rescinded at the same time and in the same manner that the county income tax council may impose or increase a tax rate under section 30 of this chapter.

(f) Tax revenue attributable to a tax rate under this section may be used for any combination of the following purposes, as specified by ordinance of the county income tax council:

(1) The tax revenue may be used to provide local property tax replacement credits at a uniform rate to civil taxing units and school corporations in the county. The amount of property tax replacement credits that each civil taxing unit and school

corporation in a county is entitled to receive under this subdivision during a calendar year equals the product of:

(A) the tax revenue attributable to a tax rate under this section that is dedicated to property tax replacement credits under this subdivision; multiplied by

(B) the following fraction:

(i) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.

(ii) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under this subdivision. The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under this subdivision during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies. **The property tax replacement credit shall be applied after any credit available under IC 6-1.1-20.9, IC 6-1.1-21, IC 6-3.5-7-26, or section 13 of this chapter.**

~~(2)~~ The tax revenue may be used to uniformly increase the homestead credit percentage in the county. The additional homestead credits shall be treated for all purposes as property tax levies. The additional homestead credits do not reduce the basis for determining the state homestead credit under IC 6-1.1-20.9. The additional homestead credits shall be applied to the net property taxes due on the homestead after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1. The department of local government finance shall determine the additional homestead credit percentage for a particular year based on the amount of tax revenue that will be used under this subdivision to provide additional homestead credits in that year. ~~(3)~~ **(2)** The tax revenue may be used to provide local property tax replacement credits at a uniform rate for all qualified residential property ~~(as defined in IC 6-1.1-20.6-4)~~ **consisting of:**

(A) real property consisting of not more than four (4) units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days

- 1 or more;
- 2 (B) mobile homes (as defined in IC 6-1.1-1-8.7) that are
- 3 regularly used to rent or otherwise furnish residential
- 4 accommodations for periods of thirty (30) days or more;
- 5 and
- 6 (C) real property consisting of at least five (5) units that
- 7 are regularly used to rent or otherwise furnish residential
- 8 accommodations for periods of thirty (30) days or more;
- 9 in the county, including not more than one (1) acre used for
- 10 residential purposes on which the real property or mobile
- 11 homes are located, regardless of whether the property is
- 12 classified as residential or commercial under the rules
- 13 adopted by the department of local government finance. The
- 14 amount of property tax replacement credits that each civil taxing
- 15 unit and school corporation in a county is entitled to receive under
- 16 this subdivision during a calendar year equals the product of:
- 17 (A) the tax revenue attributable to a tax rate under this section
- 18 that is dedicated to property tax replacement credits under this
- 19 subdivision; multiplied by
- 20 (B) the following fraction:
- 21 (i) The numerator of the fraction equals the total property
- 22 taxes being collected in the county by the civil taxing unit or
- 23 school corporation during the calendar year of the
- 24 distribution;
- 25 (ii) The denominator of the fraction equals the sum of the
- 26 total property taxes being collected in the county by all civil
- 27 taxing units and school corporations of the county during the
- 28 calendar year of the distribution.
- 29 The department of local government finance shall provide each
- 30 county auditor with the amount of property tax replacement
- 31 credits that each civil taxing unit and school corporation in the
- 32 auditor's county is entitled to receive under this subdivision. The
- 33 county auditor shall then certify to each civil taxing unit and
- 34 school corporation the amount of property tax replacement credits
- 35 the civil taxing unit or school corporation is entitled to receive
- 36 under this subdivision during that calendar year. The county
- 37 auditor shall also certify these distributions to the county
- 38 treasurer. Except as provided in subsection (g), the local property
- 39 tax replacement credits shall be treated for all purposes as
- 40 property tax levies determined under subsection (k).
- 41 **The property tax replacement credit shall be applied after any**
- 42 **credit available under IC 6-1.1-20.9, IC 6-1.1-21, IC 6-3.5-7-26, or**
- 43 **section 13 of this chapter.**
- 44 (g) The tax rate under this section shall not be considered for
- 45 purposes of computing:
- 46 (1) the maximum income tax rate that may be imposed in a county
- 47 under section 8 or 9 of this chapter or any other provision of this

chapter; or

(2) the maximum permissible property tax levy under STEP EIGHT of IC 6-1.1-18.5-3(b).

(h) Tax revenue under this section shall be treated as a part of the receiving civil taxing unit's or school corporation's property tax levy for that year for purposes of fixing the budget of the civil taxing unit or school corporation and for determining the distribution of taxes that are distributed on the basis of property tax levies.

(i) The department of local government finance and the department of state revenue may take any actions necessary to carry out the purposes of this section.

(j) Notwithstanding any other provision, in Lake County the county council (and not the county income tax council) is the entity authorized to take actions concerning the tax rate under this section.

(k) The amount of property tax replacement credits that each civil taxing unit and school corporation in a county is entitled to receive under subsection (f)(2) during a calendar year equals the product of:

(1) the tax revenue attributable to a tax rate under this section that is dedicated to property tax replacement credits under subsection (f)(2); multiplied by

(2) the following fraction:

(A) The numerator of the fraction equals the total property taxes being collected in the county by the civil taxing unit or school corporation during the calendar year of the distribution.

(B) The denominator of the fraction equals the sum of the total property taxes being collected in the county by all civil taxing units and school corporations of the county during the calendar year of the distribution.

The department of local government finance shall provide each county auditor with the amount of property tax replacement credits that each civil taxing unit and school corporation in the auditor's county is entitled to receive under subsection (f)(2). The county auditor shall then certify to each civil taxing unit and school corporation the amount of property tax replacement credits the civil taxing unit or school corporation is entitled to receive under subsection (f)(2) during that calendar year. The county auditor shall also certify these distributions to the county treasurer. Except as provided in subsection (g), the local property tax replacement credits shall be treated for all purposes as property tax levies.

SECTION 46. IC 6-3.5-7-5, AS AMENDED BY P.L.224-2007, SECTION 87, AND AS AMENDED BY P.L.232-2007, SECTION 3, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 5. (a) Except as provided in subsection (c), the county economic development income tax may be

imposed on the adjusted gross income of county taxpayers. The entity that may impose the tax is:

- (1) the county income tax council (as defined in IC 6-3.5-6-1) if the county option income tax is in effect on *January 1* ~~March 31~~ of the year the county economic development income tax is imposed;
- (2) the county council if the county adjusted gross income tax is in effect on *January 1* ~~March 31~~ of the year the county economic development tax is imposed; or
- (3) the county income tax council or the county council, whichever acts first, for a county not covered by subdivision (1) or (2).

To impose the county economic development income tax, a county income tax council shall use the procedures set forth in IC 6-3.5-6 concerning the imposition of the county option income tax.

(b) Except as provided in subsections (c), (g), (k), (p), and (r) *and section 28 of this chapter*, the county economic development income tax may be imposed at a rate of:

- (1) one-tenth percent (0.1%);
- (2) two-tenths percent (0.2%);
- (3) twenty-five hundredths percent (0.25%);
- (4) three-tenths percent (0.3%);
- (5) thirty-five hundredths percent (0.35%);
- (6) four-tenths percent (0.4%);
- (7) forty-five hundredths percent (0.45%); or
- (8) five-tenths percent (0.5%);

on the adjusted gross income of county taxpayers.

(c) Except as provided in subsection (h), (i), (j), (k), (l), (m), (n), (o), (p), (s), (v), ~~or~~ (w), ~~or~~ (x), **or** (y), the county economic development income tax rate plus the county adjusted gross income tax rate, if any, that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%). Except as provided in subsection (g), (p), (r), (t), (u), ~~or~~ (w), ~~or~~ (x), **or** (y), the county economic development tax rate plus the county option income tax rate, if any, that are in effect on January 1 of a year may not exceed one percent (1%).

(d) To impose, increase, decrease, or rescind the county economic development income tax, the appropriate body must, after *January 1* ~~March 31~~ but before ~~April~~ *August 1* of a year, adopt an ordinance. The ordinance to impose the tax must substantially state the following:

"The _____ County _____ imposes the county economic development income tax on the county taxpayers of _____ County. The county economic development income tax is imposed at a rate of _____ percent (____%) on the county taxpayers of the county. This tax takes effect *July* ~~October~~ 1 of this year."

(e) Any ordinance adopted under this chapter takes effect July 1 of the year the ordinance is adopted.

(f) The auditor of a county shall record all votes taken on ordinances presented for a vote under the authority of this chapter and shall, not more than ten (10) days after the vote, send a certified copy of the results to the commissioner of the department by certified mail.

(g) This subsection applies to a county having a population of more than one hundred forty-eight thousand (148,000) but less than one hundred seventy thousand (170,000). Except as provided in subsection (p), in addition to the rates permitted by subsection (b), the:

(1) county economic development income tax may be imposed at a rate of:

(A) fifteen-hundredths percent (0.15%);

(B) two-tenths percent (0.2%); or

(C) twenty-five hundredths percent (0.25%); and

(2) county economic development income tax rate plus the county option income tax rate that are in effect on January 1 of a year may equal up to one and twenty-five hundredths percent (1.25%); if the county income tax council makes a determination to impose rates under this subsection and section 22 of this chapter.

(h) For a county having a population of more than forty-one thousand (41,000) but less than forty-three thousand (43,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and thirty-five hundredths percent (1.35%) if the county has imposed the county adjusted gross income tax at a rate of one and one-tenth percent (1.1%) under IC 6-3.5-1.1-2.5.

(i) For a county having a population of more than thirteen thousand five hundred (13,500) but less than fourteen thousand (14,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and fifty-five hundredths percent (1.55%).

(j) For a county having a population of more than seventy-one thousand (71,000) but less than seventy-one thousand four hundred (71,400), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(k) This subsection applies to a county having a population of more than twenty-seven thousand four hundred (27,400) but less than twenty-seven thousand five hundred (27,500). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent

(1.5%);
if the county council makes a determination to impose rates under this subsection and section 22.5 of this chapter.

(l) For a county having a population of more than twenty-nine thousand (29,000) but less than thirty thousand (30,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(m) For:

(1) a county having a population of more than one hundred eighty-two thousand seven hundred ninety (182,790) but less than two hundred thousand (200,000); or
(2) a county having a population of more than forty-five thousand (45,000) but less than forty-five thousand nine hundred (45,900); except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(n) For a county having a population of more than six thousand (6,000) but less than eight thousand (8,000), except as provided in subsection (p), the county economic development income tax rate plus the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(o) This subsection applies to a county having a population of more than thirty-nine thousand (39,000) but less than thirty-nine thousand six hundred (39,600). Except as provided in subsection (p), in addition to the rates permitted under subsection (b):

(1) the county economic development income tax may be imposed at a rate of twenty-five hundredths percent (0.25%); and

(2) the sum of the county economic development income tax rate and:

(A) the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%); or

(B) the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%);

if the county council makes a determination to impose rates under this subsection and section 24 of this chapter.

(p) In addition:

(1) the county economic development income tax may be imposed at a rate that exceeds by not more than twenty-five hundredths percent (0.25%) the maximum rate that would otherwise apply under this section; and

(2) the:

(A) county economic development income tax; and

1 (B) county option income tax or county adjusted gross income
 2 tax;
 3 may be imposed at combined rates that exceed by not more than
 4 twenty-five hundredths percent (0.25%) the maximum combined
 5 rates that would otherwise apply under this section.

6 However, the additional rate imposed under this subsection may not
 7 exceed the amount necessary to mitigate the increased ad valorem
 8 property taxes on ~~homesteads (as defined in IC 6-1.1-20.9-1)~~ or
 9 residential property (as defined in section 26 of this chapter), as
 10 appropriate under the ordinance adopted by the adopting body in the
 11 county, resulting from the deduction of the assessed value of inventory
 12 in the county under ~~IC 6-1.1-12-41~~ or IC 6-1.1-12-42.

13 (q) If the county economic development income tax is imposed as
 14 authorized under subsection (p) at a rate that exceeds the maximum
 15 rate that would otherwise apply under this section, the certified
 16 distribution must be used for the purpose provided in section ~~25(c)~~ or
 17 26 of this chapter to the extent that the certified distribution results
 18 from the difference between:

- 19 (1) the actual county economic development tax rate; and
- 20 (2) the maximum rate that would otherwise apply under this
- 21 section.

22 (r) This subsection applies only to a county described in section 27
 23 of this chapter. Except as provided in subsection (p), in addition to the
 24 rates permitted by subsection (b), the:

- 25 (1) county economic development income tax may be imposed at
- 26 a rate of twenty-five hundredths percent (0.25%); and
- 27 (2) county economic development income tax rate plus the county
- 28 option income tax rate that are in effect on January 1 of a year
- 29 may equal up to one and twenty-five hundredths percent (1.25%);
- 30 if the county council makes a determination to impose rates under this
- 31 subsection and section 27 of this chapter.

32 (s) Except as provided in subsection (p), the county economic
 33 development income tax rate plus the county adjusted gross income tax
 34 rate that are in effect on January 1 of a year may not exceed one and
 35 five-tenths percent (1.5%) if the county has imposed the county
 36 adjusted gross income tax under IC 6-3.5-1.1-3.3.

37 (t) This subsection applies to Howard County. Except as provided
 38 in subsection (p), the sum of the county economic development income
 39 tax rate and the county option income tax rate that are in effect on
 40 January 1 of a year may not exceed one and twenty-five hundredths
 41 percent (1.25%).

42 (u) This subsection applies to Scott County. Except as provided in
 43 subsection (p), the sum of the county economic development income
 44 tax rate and the county option income tax rate that are in effect on
 45 January 1 of a year may not exceed one and twenty-five hundredths
 46 percent (1.25%).

47 (v) This subsection applies to Jasper County. Except as provided in

subsubsection (p), the sum of the county economic development income tax rate and the county adjusted gross income tax rate that are in effect on January 1 of a year may not exceed one and five-tenths percent (1.5%).

(w) An additional county economic development income tax rate imposed under section 28 of this chapter may not be considered in calculating any limit under this section on the sum of:

(1) the county economic development income tax rate plus the county adjusted gross income tax rate; or

(2) the county economic development tax rate plus the county option income tax rate.

~~(w)~~ *(x) The income tax rate limits imposed by subsection (c) or (x)* *(y) or any other provision of this chapter do not apply to:*

(1) a county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26; or

(2) a county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

For purposes of computing the maximum combined income tax rate under subsection (c) or ~~(x)~~ (y) or any other provision of this chapter that may be imposed in a county under IC 6-3.5-1.1, IC 6-3.5-6, and this chapter, a county's county adjusted gross income tax rate or county option income tax rate for a particular year does not include the county adjusted gross income tax rate imposed under IC 6-3.5-1.1-24, IC 6-3.5-1.1-25, or IC 6-3.5-1.1-26 or the county option income tax rate imposed under IC 6-3.5-6-30, IC 6-3.5-6-31, or IC 6-3.5-6-32.

~~(x)~~ *(y) This subsection applies to Monroe County. Except as provided in subsection (p), if an ordinance is adopted under IC 6-3.5-6-33, the sum of the county economic development income tax rate and the county option income tax rate that are in effect on January 1 of a year may not exceed one and twenty-five hundredths percent (1.25%).*

SECTION 47. IC 6-3.5-7-11, AS AMENDED BY P.L.207-2005, SECTION 9, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 11. (a) Revenue derived from the imposition of the county economic development income tax shall, in the manner prescribed by this section, be distributed to the county that imposed it.

(b) Before August 2 of each calendar year, the department, after reviewing the recommendation of the budget agency, shall certify to the county auditor of each adopting county the sum of the amount of county economic development income tax revenue that the department determines has been:

(1) received from that county for a taxable year ending before the calendar year in which the determination is made; and

(2) reported on an annual return or amended return processed by the department in the state fiscal year ending before July 1 of the calendar year in which the determination is made;

as adjusted (as determined after review of the recommendation of the budget agency) for refunds of county economic development income tax made in the state fiscal year plus the amount of interest in the county's account that has been accrued and has not been included in a certification made in a preceding year. The amount certified is the county's certified distribution, which shall be distributed on the dates specified in section 16 of this chapter for the following calendar year. The amount certified shall be adjusted under subsections (c), (d), (e), (f), and (g). The department shall provide with the certification an informative summary of the calculations used to determine the certified distribution.

(c) The department shall certify an amount less than the amount determined under subsection (b) if the department, after reviewing the recommendation of the budget agency, determines that the reduced distribution is necessary to offset overpayments made in a calendar year before the calendar year of the distribution. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any overpayments are offset over several years rather than in one (1) lump sum.

(d) After reviewing the recommendation of the budget agency, the department shall adjust the certified distribution of a county to correct for any clerical or mathematical errors made in any previous certification under this section. The department, after reviewing the recommendation of the budget agency, may reduce the amount of the certified distribution over several calendar years so that any adjustment under this subsection is offset over several years rather than in one (1) lump sum.

(e) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the distribution required under section 16(b) of this chapter.

(f) The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide the county with the amount of any tax increase imposed under section ~~25~~ or 26 of this chapter to provide additional ~~homestead~~ credits as provided in those provisions.

(g) This subsection applies to a county that:

(1) initially imposed the county economic development income tax; or

(2) increases the county economic development income rate; under this chapter in the same calendar year in which the department makes a certification under this section. The department, after reviewing the recommendation of the budget agency, shall adjust the certified distribution of a county to provide for a distribution in the immediately following calendar year and in each calendar year thereafter. The department shall provide for a full transition to

certification of distributions as provided in subsection (b)(1) through (b)(2) in the manner provided in subsection (c).

SECTION 48. IC 6-3.5-7-12, AS AMENDED BY P.L.232-2007, SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 12. (a) Except as provided in sections 23, ~~25~~, 26, 27, and 28 of this chapter, the county auditor shall distribute in the manner specified in this section the certified distribution to the county.

(b) Except as provided in subsections (c) and (h) and sections 15 and ~~25~~ 26 of this chapter, the amount of the certified distribution that the county and each city or town in a county is entitled to receive during May and November of each year equals the product of the following:

(1) The amount of the certified distribution for that month; multiplied by

(2) A fraction. The numerator of the fraction equals the sum of the following:

(A) Total property taxes that are first due and payable to the county, city, or town during the calendar year in which the month falls; plus

(B) For a county, an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

The denominator of the fraction equals the sum of the total property taxes that are first due and payable to the county and all cities and towns of the county during the calendar year in which the month falls, plus an amount equal to the property taxes imposed by the county in 1999 for the county's welfare fund and welfare administration fund.

(c) This subsection applies to a county council or county income tax council that imposes a tax under this chapter after June 1, 1992. The body imposing the tax may adopt an ordinance before July 1 of a year to provide for the distribution of certified distributions under this subsection instead of a distribution under subsection (b). The following apply if an ordinance is adopted under this subsection:

(1) The ordinance is effective January 1 of the following year.

(2) Except as provided in ~~sections 25 and section~~ 26 of this chapter, the amount of the certified distribution that the county and each city and town in the county is entitled to receive during May and November of each year equals the product of:

(A) the amount of the certified distribution for the month; multiplied by

(B) a fraction. For a city or town, the numerator of the fraction equals the population of the city or the town. For a county, the numerator of the fraction equals the population of the part of the county that is not located in a city or town. The denominator of the fraction equals the sum of the population of all cities and towns located in the county and the population

- 1 of the part of the county that is not located in a city or town.
- 2 (3) The ordinance may be made irrevocable for the duration of
- 3 specified lease rental or debt service payments.
- 4 (d) The body imposing the tax may not adopt an ordinance under
- 5 subsection (c) if, before the adoption of the proposed ordinance, any of
- 6 the following have pledged the county economic development income
- 7 tax for any purpose permitted by IC 5-1-14 or any other statute:
- 8 (1) The county.
- 9 (2) A city or town in the county.
- 10 (3) A commission, a board, a department, or an authority that is
- 11 authorized by statute to pledge the county economic development
- 12 income tax.
- 13 (e) The department of local government finance shall provide each
- 14 county auditor with the fractional amount of the certified distribution
- 15 that the county and each city or town in the county is entitled to receive
- 16 under this section.
- 17 (f) Money received by a county, city, or town under this section
- 18 shall be deposited in the unit's economic development income tax fund.
- 19 (g) Except as provided in subsection (b)(2)(B), in determining the
- 20 fractional amount of the certified distribution the county and its cities
- 21 and towns are entitled to receive under subsection (b) during a calendar
- 22 year, the department of local government finance shall consider only
- 23 property taxes imposed on tangible property subject to assessment in
- 24 that county.
- 25 (h) In a county having a consolidated city, only the consolidated city
- 26 is entitled to the certified distribution, subject to the requirements of
- 27 sections 15 ~~25~~, and 26 of this chapter.
- 28 SECTION 49. IC 6-3.5-7-13.1, AS AMENDED BY P.L.1-2007,
- 29 SECTION 66, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
- 30 JANUARY 1, 2009]: Sec. 13.1. (a) The fiscal officer of each county,
- 31 city, or town for a county in which the county economic development
- 32 tax is imposed shall establish an economic development income tax
- 33 fund. Except as provided in sections 23, ~~25~~, 26, and 27 of this chapter,
- 34 the revenue received by a county, city, or town under this chapter shall
- 35 be deposited in the unit's economic development income tax fund.
- 36 (b) Except as provided in sections 15, 23, ~~25~~, 26, and 27 of this
- 37 chapter, revenues from the county economic development income tax
- 38 may be used as follows:
- 39 (1) By a county, city, or town for economic development projects,
- 40 for paying, notwithstanding any other law, under a written
- 41 agreement all or a part of the interest owed by a private developer
- 42 or user on a loan extended by a financial institution or other
- 43 lender to the developer or user if the proceeds of the loan are or
- 44 are to be used to finance an economic development project, for
- 45 the retirement of bonds under section 14 of this chapter for
- 46 economic development projects, for leases under section 21 of
- 47 this chapter, or for leases or bonds entered into or issued prior to

the date the economic development income tax was imposed if the purpose of the lease or bonds would have qualified as a purpose under this chapter at the time the lease was entered into or the bonds were issued.

(2) By a county, city, or town for:

(A) the construction or acquisition of, or remedial action with respect to, a capital project for which the unit is empowered to issue general obligation bonds or establish a fund under any statute listed in IC 6-1.1-18.5-9.8;

(B) the retirement of bonds issued under any provision of Indiana law for a capital project;

(C) the payment of lease rentals under any statute for a capital project;

(D) contract payments to a nonprofit corporation whose primary corporate purpose is to assist government in planning and implementing economic development projects;

(E) operating expenses of a governmental entity that plans or implements economic development projects;

(F) to the extent not otherwise allowed under this chapter, funding substance removal or remedial action in a designated unit; or

(G) funding of a revolving fund established under IC 5-1-14-14.

(3) By a county, city, or town for any lawful purpose for which money in any of its other funds may be used.

(4) By a city or county described in IC 36-7.5-2-3(b) for making transfers required by IC 36-7.5-4-2. If the county economic development income tax rate is increased after April 30, 2005, in a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000), the first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be used by the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase. In a county having a population of more than one hundred forty-five thousand (145,000) but less than one hundred forty-eight thousand (148,000), all of the tax revenue that results each year from the tax rate increase that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for

1 additional ~~homestead~~ credits under subdivision (5).

2 (5) This subdivision applies only in a county having a population
3 of more than one hundred forty-five thousand (145,000) but less
4 than one hundred forty-eight thousand (148,000). Except as
5 otherwise provided, the procedures and definitions in
6 ~~IC 6-1.1-20.9~~ **IC 6-1.1-21** apply to this subdivision. All of the tax
7 revenue that results each year from a tax rate increase described
8 in subdivision (4) that is in excess of the first three million five
9 hundred thousand dollars (\$3,500,000) that results each year from
10 the tax rate increase must be used by the county and cities and
11 towns in the county for additional ~~homestead~~ **property tax**
12 **replacement** credits under this subdivision. The following apply
13 to additional ~~homestead~~ credits provided under this subdivision:

14 (A) The additional ~~homestead~~ credits must be applied
15 uniformly to increase the ~~homestead~~ **property tax**
16 **replacement** credit under ~~IC 6-1.1-20.9~~ **IC 6-1.1-21-5** for
17 **homesteads all tangible property** in the county, city, or town
18 **or all qualified residential property in the county, city, or**
19 **town consisting of real property consisting of:**

20 (i) **not more than four (4) units that are regularly used to**
21 **rent or otherwise furnish residential accommodations**
22 **for periods of thirty (30) days or more;**

23 (ii) **mobile homes (as defined in IC 6-1.1-8.7) that are**
24 **regularly used to rent or otherwise furnish residential**
25 **accommodations for periods of thirty (30) days or more;**
26 **and**

27 (iii) **real property consisting of at least five (5) units that**
28 **are regularly used to rent or otherwise furnish**
29 **residential accommodations for periods of thirty (30)**
30 **days or more;**

31 **including not more than one (1) acre used for residential**
32 **purposes on which the real property or mobile homes are**
33 **located.**

34 (B) The additional ~~homestead~~ credits shall be treated for all
35 purposes as property tax levies. The additional ~~homestead~~
36 credits do not reduce the basis for determining the state
37 property tax replacement credit under IC 6-1.1-21 or the state
38 homestead credit under IC 6-1.1-20.9.

39 (C) The additional ~~homestead~~ credits shall be applied to the
40 net property taxes due on the ~~homestead~~ **taxable property**
41 after the application of all other assessed value deductions or
42 property tax deductions and credits that apply to the amount
43 owed under IC 6-1.1, **except IC 6-1.1-20.6.**

44 (D) The department of local government finance shall
45 determine the additional ~~homestead~~ credit percentage for a
46 particular year based on the amount of county economic
47 development income tax revenue that will be used under this

- 1 subdivision to provide additional ~~homestead~~ credits in that
 2 year.
- 3 (6) This subdivision applies only in a county having a population
 4 of more than four hundred thousand (400,000) but less than seven
 5 hundred thousand (700,000). Except as otherwise provided, the
 6 procedures and definitions in ~~IC 6-1.1-20.9~~ **IC 6-1.1-21** apply to
 7 this subdivision. A county or a city or town in the county may use
 8 county economic development income tax revenue to provide
 9 additional ~~homestead~~ **property tax replacement** credits in the
 10 county, city, or town. The following apply to additional
 11 ~~homestead~~ credits provided under this subdivision:
- 12 (A) The county, city, or town fiscal body must adopt an
 13 ordinance authorizing the additional ~~homestead~~ credits. The
 14 ordinance must:
- 15 (i) be adopted before September 1 of a year to apply to
 16 property taxes first due and payable in the following year;
 17 and
 18 (ii) specify the amount of county economic development
 19 income tax revenue that will be used to provide additional
 20 ~~homestead~~ credits in the following year.
- 21 (B) A county, city, or town fiscal body that adopts an
 22 ordinance under this subdivision must forward a copy of the
 23 ordinance to the county auditor and the department of local
 24 government finance not more than thirty (30) days after the
 25 ordinance is adopted.
- 26 (C) The additional ~~homestead~~ credits must be applied
 27 uniformly to increase the ~~homestead~~ **property tax**
 28 **replacement** credit under ~~IC 6-1.1-20.9~~ **IC 6-1.1-21-5** for
 29 ~~homesteads~~ **all tangible property** in the county, city, or town
 30 **or all qualified residential property in the county, city, or**
 31 **town consisting of real property consisting of:**
- 32 (i) **not more than four (4) units that are regularly used to**
 33 **rent or otherwise furnish residential accommodations**
 34 **for periods of thirty (30) days or more;**
 35 (ii) **mobile homes (as defined in IC 6-1.1-8.7) that are**
 36 **regularly used to rent or otherwise furnish residential**
 37 **accommodations for periods of thirty (30) days or more;**
 38 **and**
 39 (iii) **real property consisting of at least five (5) units that**
 40 **are regularly used to rent or otherwise furnish**
 41 **residential accommodations for periods of thirty (30)**
 42 **days or more;**
 43 **including not more than one (1) acre used for residential**
 44 **purposes on which the real property or mobile homes are**
 45 **located.**
- 46 (D) The additional ~~homestead~~ credits shall be treated for all
 47 purposes as property tax levies. The additional ~~homestead~~

credits do not reduce the basis for determining the state property tax replacement credit under IC 6-1.1-21 or the state homestead credit under IC 6-1.1-20.9.

(E) The additional ~~homestead~~ credits shall be applied to the net property taxes due on the ~~homestead~~ **tangible property** after the application of all other assessed value deductions or property tax deductions and credits that apply to the amount owed under IC 6-1.1, **except IC 6-1.1-20.6.**

(F) The department of local government finance shall determine the additional ~~homestead~~ credit percentage for a particular year based on the amount of county economic development income tax revenue that will be used under this subdivision to provide additional ~~homestead~~ credits in that year.

(7) For a regional venture capital fund established under section 13.5 of this chapter or a local venture capital fund established under section 13.6 of this chapter.

(8) This subdivision applies only to a county:

(A) that has a population of more than one hundred ten thousand (110,000) but less than one hundred fifteen thousand (115,000); and

(B) in which:

(i) the county fiscal body has adopted an ordinance under IC 36-7.5-2-3(e) providing that the county is joining the northwest Indiana regional development authority; and

(ii) the fiscal body of the city described in IC 36-7.5-2-3(e) has adopted an ordinance under IC 36-7.5-2-3(e) providing that the city is joining the development authority.

Revenue from the county economic development income tax may be used by a county or a city described in this subdivision for making transfers required by IC 36-7.5-4-2. In addition, if the county economic development income tax rate is increased after June 30, 2006, in the county, the first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be used by the county only to make the county's transfer required by IC 36-7.5-4-2. The first three million five hundred thousand dollars (\$3,500,000) of the tax revenue that results each year from the tax rate increase shall be paid by the county treasurer to the treasurer of the northwest Indiana regional development authority under IC 36-7.5-4-2 before certified distributions are made to the county or any cities or towns in the county under this chapter from the tax revenue that results each year from the tax rate increase. All of the tax revenue that results each year from the tax rate increase that is in excess of the first three million five hundred thousand dollars (\$3,500,000) that results each year from the tax rate increase must be used by the county and cities and towns in the county for

1 additional ~~homestead~~ **property tax replacement** credits under
 2 subdivision (9).

3 (9) This subdivision applies only to a county described in
 4 subdivision (8). Except as otherwise provided, the procedures and
 5 definitions in IC 6-1.1-20.9 apply to this subdivision. All of the
 6 tax revenue that results each year from a tax rate increase
 7 described in subdivision (8) that is in excess of the first three
 8 million five hundred thousand dollars (\$3,500,000) that results
 9 each year from the tax rate increase must be used by the county
 10 and cities and towns in the county for additional ~~homestead~~
 11 **property tax replacement** credits under this subdivision. The
 12 following apply to additional ~~homestead~~ credits provided under
 13 this subdivision:

14 (A) The additional ~~homestead~~ credits must be applied
 15 uniformly to increase the ~~homestead~~ **property tax**
 16 **replacement** credit under ~~IC 6-1.1-20.9~~ **IC 6-1.1-21-5** for
 17 ~~homesteads~~ **all tangible property** in the county, city, or town
 18 **or all qualified residential property in the county, city, or**
 19 **town consisting of real property consisting of:**

20 (i) **not more than four (4) units that are regularly used to**
 21 **rent or otherwise furnish residential accommodations**
 22 **for periods of thirty (30) days or more;**

23 (ii) **mobile homes (as defined in IC 6-1.1-1-8.7) that are**
 24 **regularly used to rent or otherwise furnish residential**
 25 **accommodations for periods of thirty (30) days or more;**
 26 **and**

27 (iii) **real property consisting of at least five (5) units that**
 28 **are regularly used to rent or otherwise furnish**
 29 **residential accommodations for periods of thirty (30)**
 30 **days or more;**

31 **including not more than one (1) acre used for residential**
 32 **purposes on which the real property or mobile homes are**
 33 **located.**

34 (B) The additional ~~homestead~~ credits shall be treated for all
 35 purposes as property tax levies. The additional ~~homestead~~
 36 credits do not reduce the basis for determining the state
 37 property tax replacement credit under IC 6-1.1-21 or the state
 38 homestead credit under IC 6-1.1-20.9.

39 (C) The additional ~~homestead~~ credits shall be applied to the
 40 net property taxes due on the ~~homestead~~ **tangible property**
 41 after the application of all other assessed value deductions or
 42 property tax deductions and credits that apply to the amount
 43 owed under IC 6-1.1, **except IC 6-1.1-20.6.**

44 (D) The department of local government finance shall
 45 determine the additional ~~homestead~~ credit percentage for a
 46 particular year based on the amount of county economic
 47 development income tax revenue that will be used under this

1 subdivision to provide additional ~~homestead~~ credits in that
2 year.

3 (c) As used in this section, an economic development project is any
4 project that:

5 (1) the county, city, or town determines will:

6 (A) promote significant opportunities for the gainful
7 employment of its citizens;

8 (B) attract a major new business enterprise to the unit; or

9 (C) retain or expand a significant business enterprise within
10 the unit; and

11 (2) involves an expenditure for:

12 (A) the acquisition of land;

13 (B) interests in land;

14 (C) site improvements;

15 (D) infrastructure improvements;

16 (E) buildings;

17 (F) structures;

18 (G) rehabilitation, renovation, and enlargement of buildings
19 and structures;

20 (H) machinery;

21 (I) equipment;

22 (J) furnishings;

23 (K) facilities;

24 (L) administrative expenses associated with such a project,
25 including contract payments authorized under subsection
26 (b)(2)(D);

27 (M) operating expenses authorized under subsection (b)(2)(E);
28 or

29 (N) to the extent not otherwise allowed under this chapter,
30 substance removal or remedial action in a designated unit;

31 or any combination of these.

32 (d) If there are bonds outstanding that have been issued under
33 section 14 of this chapter or leases in effect under section 21 of this
34 chapter, a county, city, or town may not expend money from its
35 economic development income tax fund for a purpose authorized under
36 subsection (b)(3) in a manner that would adversely affect owners of the
37 outstanding bonds or payment of any lease rentals due.

38 SECTION 50. IC 6-3.5-7-15 IS AMENDED TO READ AS
39 FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 15. (a) The
40 executive of a county, city, or town may, subject to the use of the
41 certified distribution permitted under ~~sections 25 and section 26~~ of this
42 chapter:

43 (1) adopt a capital improvement plan specifying the uses of the
44 revenues to be received under this chapter; or

45 (2) designate the county or a city or town in the county as the
46 recipient of all or a part of its share of the distribution.

47 (b) If a designation is made under subsection (a)(2), the county

1 treasurer shall transfer the share or part of the share to the designated
2 unit unless that unit does not have a capital improvement plan.

3 (c) A county, city, or town that fails to adopt a capital improvement
4 plan may not receive:

5 (1) its fractional amount of the certified distribution; or

6 (2) any amount designated under subsection (a)(2);

7 for the year or years in which the unit does not have a plan. The county
8 treasurer shall retain the certified distribution and any designated
9 distribution for such a unit in a separate account until the unit adopts
10 a plan. Interest on the separate account becomes part of the account. If
11 a unit fails to adopt a plan for a period of three (3) years, then the
12 balance in the separate account shall be distributed to the other units in
13 the county based on property taxes first due and payable to the units
14 during the calendar year in which the three (3) year period expires.

15 (d) A capital improvement plan must include the following
16 components:

17 (1) Identification and general description of each project that
18 would be funded by the county economic development income
19 tax.

20 (2) The estimated total cost of the project.

21 (3) Identification of all sources of funds expected to be used for
22 each project.

23 (4) The planning, development, and construction schedule of each
24 project.

25 (e) A capital improvement plan:

26 (1) must encompass a period of no less than two (2) years; and

27 (2) must incorporate projects the cost of which is at least
28 seventy-five percent (75%) of the fractional amount certified
29 distribution expected to be received by the county, city, or town
30 in that period of time.

31 (f) In making a designation under subsection (a)(2), the executive
32 must specify the purpose and duration of the designation. If the
33 designation is made to provide for the payment of lease rentals or bond
34 payments, the executive may specify that the designation and its
35 duration are irrevocable.

36 SECTION 51. IC 6-3.5-7-16 IS AMENDED TO READ AS
37 FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 16. (a) Except as
38 provided in subsections (b) and (c), on May 1 of each year, one-half
39 (1/2) of each county's certified distribution for a calendar year shall be
40 distributed from its account established under section 10 of this chapter
41 to the county treasurer. The other one-half (1/2) shall be distributed on
42 November 1 of that calendar year.

43 (b) This subsection applies to a county having a population of more
44 than one hundred forty-five thousand (145,000) but less than one
45 hundred forty-eight thousand (148,000). Notwithstanding section 11 of
46 this chapter, the initial certified distribution certified for a county under
47 section 11 of this chapter shall be distributed to the county treasurer

from the account established for the county under section 10 of this chapter according to the following schedule during the eighteen (18) month period beginning on July 1 of the year in which the county initially adopts an ordinance under section 2 of this chapter:

(1) One-fourth (1/4) on October 1 of the year in which the ordinance was adopted.

(2) One-fourth (1/4) on January 1 of the calendar year following the year in which the ordinance was adopted.

(3) One-fourth (1/4) on May 1 of the calendar year following the year in which the ordinance was adopted.

(4) One-fourth (1/4) on November 1 of the calendar year following the year in which the ordinance was adopted.

The county auditor and county treasurer shall distribute amounts received under this subsection to a county and each city or town in the county in the same proportions as are set forth in section 12 of this chapter. Certified distributions made to the county treasurer for calendar years following the eighteen (18) month period described in this subsection shall be made as provided in subsection (a).

(c) Before July 1 of each year, a county's certified distribution for additional ~~homestead~~ credits under section ~~25~~ or 26 of this chapter for the year shall be distributed from the county's account established under section 10 of this chapter.

(d) All distributions from an account established under section 10 of this chapter shall be made by warrants issued by the auditor of state to the treasurer of state ordering the appropriate payments.

SECTION 52. IC 6-3.5-7-26, AS AMENDED BY P.L.224-2007, SECTION 91, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 26. (a) This section applies only to ~~homestead~~ and property tax replacement credits for property taxes first due and payable after calendar year 2006.

(b) The following definitions apply throughout this section:

(1) "Adopt" includes amend.

(2) "Adopting entity" means:

(A) the entity that adopts an ordinance under IC 6-1.1-12-41(f) **(before its repeal)**; or

(B) any other entity that may impose a county economic development income tax under section 5 of this chapter.

~~(3) "Homestead" refers to tangible property that is eligible for a homestead credit under IC 6-1.1-20-9.~~

~~(4) "Residential" refers to the following:~~

~~(A) Real property; a mobile home; and industrialized housing that would qualify as a homestead if the taxpayer had filed for a homestead credit under IC 6-1.1-20-9.~~

~~(B) Real property not described in clause (A) designed to provide units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more; regardless of whether the tangible property is~~

subject to assessment under rules of the department of local government finance that apply to:

- (i) residential property; or
- (ii) commercial property.

(c) An adopting entity may adopt an ordinance to provide for the use of the certified distribution described in section 16(c) of this chapter for the purpose provided in subsection (e). An adopting entity that adopts an ordinance under this subsection shall use the procedures set forth in IC 6-3.5-6 concerning the adoption of an ordinance for the imposition of the county option income tax. An ordinance must be adopted under this subsection after January 1, 2006, and before June 1, 2006, or, in a year following 2006, after March 31 but before August 1 of a calendar year. The ordinance may provide for an additional rate under section 5(p) of this chapter. An ordinance adopted under this subsection:

- (1) first applies to the certified distribution described in section 16(c) of this chapter made in the later of the calendar year that immediately succeeds the calendar year in which the ordinance is adopted or calendar year 2007; and
- (2) must specify that the certified distribution must be used to provide for one (1) of the following, as determined by the adopting entity:

~~(A) Uniformly applied increased homestead credits as provided in subsection (f):~~

~~(B) (A) Uniformly applied increased residential credits as provided in subsection (g): (f) for all tangible property in the county or all qualified residential property in the county consisting of real property consisting of:~~

(i) not more than four (4) units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

(ii) mobile homes (as defined in IC 6-1.1-1-8.7) that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

and

(iii) real property consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

including not more than one (1) acre used for residential purposes on which the real property or mobile homes are located.

~~(C) Allocated increased homestead credits as provided in subsection (i):~~

~~(D) (B) Allocated increased residential credits as provided in subsection (j): (h) for all tangible property in the county or all qualified residential property in the county consisting of real property consisting of:~~

(i) not more than four (4) units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

(ii) mobile homes (as defined in IC 6-1.1-1-8.7) that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more; and

(iii) real property consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more;

including not more than one (1) acre used for residential purposes on which the real property or mobile homes are located.

An ordinance adopted under this subsection may be combined with an ordinance adopted under section 25 of this chapter:

(d) If an ordinance is adopted under subsection (c), the percentage of the certified distribution specified in the ordinance for use for the purpose provided in subsection (e) shall be:

- (1) retained by the county auditor under subsection ~~(k)~~; (i); and
- (2) used for the purpose provided in subsection (e) instead of the purposes specified in the capital improvement plans adopted under section 15 of this chapter.

(e) If an ordinance is adopted under subsection (c), the adopting entity shall use the certified distribution described in section 16(c) of this chapter to increase

~~(1) if the ordinance grants a credit described in subsection (c)(2)(A) or (c)(2)(C); the homestead credit allowed in the county under IC 6-1.1-20-9 for a year; or~~

~~(2) if the ordinance grants a credit described in subsection (c)(2)(B) or (c)(2)(D); the property tax replacement credit allowed in the county under IC 6-1.1-21-5 for a year for the residential property to offset the effect on homesteads or residential the property as applicable; in the county resulting from the statewide deduction for inventory under IC 6-1.1-12-42. The amount of an additional residential property tax replacement credit granted under this section may not be considered in computing the amount of any homestead credit to which the residential property may be entitled under IC 6-1.1-20-9 or another law other than IC 6-1.1-20-6.~~

(f) If the imposing entity specifies the application of uniform increased homestead credits under subsection (c)(2)(A); the county auditor shall, for each calendar year in which an increased homestead credit percentage is authorized under this section; determine:

- (1) the amount of the certified distribution that is available to provide an increased homestead credit percentage for the year;
- (2) the amount of uniformly applied homestead credits for the

year in the county that equals the amount determined under subdivision (1); and

~~(3) the increased percentage of homestead credit that equates to the amount of homestead credits determined under subdivision (2).~~

~~(g)~~ (f) If the imposing entity specifies the application of uniform increased residential credits under subsection ~~(c)(2)(B)~~; **(c)(2)(A)**, the county auditor shall determine for each calendar year in which an increased homestead credit percentage is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit percentage for the year;

(2) the amount of uniformly applied residential property tax replacement credits for the year in the county that equals the amount determined under subdivision (1); and

(3) the increased percentage of residential property tax replacement credit that equates to the amount of residential property tax replacement credits determined under subdivision (2).

~~(h)~~ (g) The increased percentage of homestead credit determined by the county auditor under subsection (f) or the increased percentage of residential property tax replacement credit determined by the county auditor under subsection ~~(g)~~ (f) applies uniformly in the county in the calendar year for which the increased percentage is determined.

(i) If the imposing entity specifies the application of allocated increased homestead credits under subsection ~~(c)(2)(C)~~; the county auditor shall, for each calendar year in which an increased homestead credit is authorized under this section, determine:

~~(1) the amount of the certified distribution that is available to provide an increased homestead credit for the year; and~~

~~(2) except as provided in subsection (1), an increased percentage of homestead credit for each taxing district in the county that allocates to the taxing district an amount of increased homestead credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.~~

~~(j)~~ (h) If the imposing entity specifies the application of allocated increased residential property tax replacement credits under subsection ~~(c)(2)(D)~~; **(c)(2)(B)**, the county auditor shall determine for each calendar year in which an increased residential property tax replacement credit is authorized under this section:

(1) the amount of the certified distribution that is available to provide an increased residential property tax replacement credit for the year; and

(2) except as provided in subsection ~~(i)~~; **(j)**, an increased percentage of ~~residential~~ property tax replacement credit for each taxing district in the county that allocates to the taxing district an amount of increased ~~residential~~ property tax replacement credits that bears the same proportion to the amount determined under subdivision (1) that the amount of inventory assessed value deducted under IC 6-1.1-12-42 in the taxing district for the immediately preceding year's assessment date bears to the total inventory assessed value deducted under IC 6-1.1-12-42 in the county for the immediately preceding year's assessment date.

~~(k)~~ **(i)** The county auditor shall retain from the payments of the county's certified distribution an amount equal to the revenue lost, if any, due to the increase of the ~~homestead credit or residential~~ property tax replacement credit within the county. The money shall be distributed to the civil taxing units and school corporations of the county:

- (1) as if the money were from property tax collections; and
- (2) in such a manner that no civil taxing unit or school corporation will suffer a net revenue loss because of the allowance of an increased ~~homestead credit or residential~~ property tax replacement credit.

~~(j)~~ **(j)** Subject to the approval of the imposing entity, the county auditor may adjust the increased percentage of

~~(1) homestead credit determined under subsection (i)(2) if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the homesteads in the county; or~~

~~(2) residential property tax replacement credit determined under subsection (j)(2)~~ **(h)(2)** if the county auditor determines that the adjustment is necessary to achieve an equitable reduction of property taxes among the ~~residential~~ property in the county.

SECTION 53. IC 8-22-3.5-10, AS AMENDED BY P.L.219-2007, SECTION 95, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 10. (a) ~~Except as provided in subsection (d);~~ If the commission adopts the provisions of this section by resolution, each taxpayer in the airport development zone is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in that year. ~~Except as provided in subsection (d);~~ One-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the airport development zone:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of the county's eligible property tax replacement

amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to the special funds under section 9 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated and paid into the special funds under section 9 of this chapter.

(b) The additional credit under subsection (a) shall be:

(1) computed on an aggregate basis of all taxpayers in a taxing district that contains all or part of an airport development zone; and

(2) combined on the tax statement sent to each taxpayer.

(c) Concurrently with the mailing or other delivery of the tax statement or any corrected tax statement to each taxpayer, as required by IC 6-1.1-22-8(a), each county treasurer shall for each tax statement also deliver to each taxpayer in an airport development zone who is entitled to the additional credit under subsection (a) a notice of additional credit. The actual dollar amount of the credit, the taxpayer's name and address, and the tax statement to which the credit applies shall be stated on the notice.

(d) This subsection applies to an airport development zone only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20-9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an airport development zone is entitled to an additional credit under subsection (a) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2):

SECTION 54. IC 12-20-25-45 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 45. (a) Notwithstanding IC 6-3.5-6, after the termination of the controlled status of all townships located in a county as provided in section 41 of this chapter and if the county option income tax is imposed under this chapter, the county fiscal body may adopt an ordinance to

(1) increase the percentage credit allowed for homesteads in the county under IC 6-1.1-20-9-2; or

(2) reduce the county option income tax rate for resident county

taxpayers to a rate not less than the greater of:

(A) the minimum rate necessary to satisfy the requirements of section 43 of this chapter. or

(B) the minimum rate necessary to satisfy the requirements of sections 43 and 46(2) of this chapter if an ordinance is adopted under subdivision (1):

(b) A county fiscal body may not increase the percentage credit allowed for homesteads in such a manner that more than eight percent (8%) is added to the percentage established under IC 6-1.1-20-9-2(d):

(c) The increase in the homestead credit percentage must be uniform for all homesteads in a county:

(d) In an ordinance that increases the homestead credit percentage, the county fiscal body may provide for a series of increases or decreases to take place for each of a group of succeeding calendar years:

(e) (b) An ordinance may be adopted under this section after January 1 but before June 1 of a calendar year.

(f) (c) An ordinance adopted under this section takes effect January 1 of the next calendar year.

(g) (d) An ordinance adopted under this section for a county is not applicable for a year if on January 1 of that year the county option income tax is not in effect.

SECTION 55. IC 12-20-25-46 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 46. After the termination of the controlled status of all townships located in a county as provided in section 41 of this chapter, if the county adjusted gross income tax or the county option income tax is imposed under this chapter, any revenues from the county adjusted gross income tax or the county option income tax imposed under this chapter shall be distributed in the following priority:

(1) To satisfy the requirements of section 43 of this chapter.

(2) If the county option income tax imposed under this chapter is in effect, to replace the amount, if any, of property tax revenue lost due to the allowance of an increased homestead credit within the county:

(3) (2) To be used as a certified distribution as provided in IC 6-3.5-1.1 or IC 6-3.5-6, whichever applies.

SECTION 56. IC 20-46-3-6, AS ADDED BY P.L.2-2006, SECTION 169, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 6. Subject to IC 6-1.1-18.5-9-9, The tax control board may recommend to the department of local government finance that a school corporation be allowed to establish a levy. The amount of the levy shall be determined each year and the levy may not exceed the lesser of the following:

(1) The revenue derived from a tax rate of eight and thirty-three hundredths cents (\$0.0833) for each one hundred dollars (\$100) of assessed valuation within the school corporation.

(2) The revenue derived from a tax rate equal to the difference between the maximum rate allowed for the school corporation's capital projects fund under IC 20-46-6 minus the actual capital projects fund rate that will be in effect for the school corporation for a particular year.

SECTION 57. IC 20-46-6-5, AS ADDED BY P.L.154-2006, SECTION 69, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 5. Subject to IC 6-1.1-18-12, ~~and IC 6-1.1-18.5-9.9~~, to provide for the fund, the governing body may, for each year in which a plan is in effect, impose a property tax rate that does not exceed forty-one and sixty-seven hundredths cents (\$0.4167) on each one hundred dollars (\$100) of assessed valuation of the school corporation. The actual rate imposed by the governing body must be advertised in the same manner as other property tax rates.

SECTION 58. IC 35-41-1-10.5, AS AMENDED BY P.L.26-2006, SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 10.5. "Family housing complex" means a building or series of buildings:

- (1) that contains at least twelve (12) dwelling units:
 - (A) where children are domiciled or are likely to be domiciled; and
 - (B) that are owned by a governmental unit or political subdivision;
- (2) that is operated as a hotel or motel (as described in IC 22-11-18-1);
- (3) that is operated as an apartment complex ~~(as defined in IC 6-1.1-20.6-1)~~; **that consists of real property consisting of at least five (5) units that are regularly used to rent or otherwise furnish residential accommodations for periods of thirty (30) days or more; or**
- (4) that contains subsidized housing.

SECTION 59. IC 36-7-14-39.5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 39.5. (a) As used in this section, "allocation area" has the meaning set forth in section 39 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e), ~~and except as provided in subsection (h)~~; each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in May and November of that year. ~~Except as provided in subsection (h)~~; One-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),

IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

- (A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by
- (B) the STEP ONE sum.

STEP THREE: Multiply:

- (A) the STEP TWO quotient; times
- (B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 39 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into an allocation fund under section 39(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the redevelopment commission, the municipal legislative body (in the case of a redevelopment commission established by a municipality) or the county executive (in the case of a redevelopment commission established by a county) may, by resolution, provide that the additional credit described in subsection (c):

- (1) does not apply in a specified allocation area; or
- (2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) Whenever the municipal legislative body or county executive determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the municipal legislative body or county executive must adopt a resolution under subsection (e) to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in the allocation area in any year following the

1 year in which the resolution is adopted.

2 (g) A resolution adopted under subsection (e) remains in effect until
3 it is rescinded by the body that originally adopted it. However, a
4 resolution may not be rescinded if the rescission would adversely affect
5 the interests of the holders of bonds or other obligations that are
6 payable from allocated tax proceeds in that allocation area in a way that
7 would create a reasonable expectation that the principal of or interest
8 on the bonds or other obligations would not be paid when due. If a
9 resolution is rescinded and no other resolution is adopted, the
10 additional credit described in subsection (c) applies to property taxes
11 first due and payable in the allocation area in each year following the
12 year in which the resolution is rescinded.

13 (h) This subsection applies to an allocation area only to the extent
14 that the net assessed value of property that is assessed as residential
15 property under the rules of the department of local government finance
16 is not included in the base assessed value. If property tax installments
17 with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in
18 installments established by the department of local government finance
19 under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an
20 allocation area is entitled to an additional credit under subsection (c)
21 for the taxes (as defined in IC 6-1.1-21-2) due in installments. The
22 credit shall be applied in the same proportion to each installment of
23 taxes (as defined in IC 6-1.1-21-2).

24 SECTION 60. IC 36-7-14-48, AS AMENDED BY P.L.219-2007,
25 SECTION 126, IS AMENDED TO READ AS FOLLOWS
26 [EFFECTIVE JANUARY 1, 2009]: Sec. 48. (a) Notwithstanding
27 section 39(a) of this chapter, with respect to the allocation and
28 distribution of property taxes for the accomplishment of a program
29 adopted under section 45 of this chapter, "base assessed value" means
30 the net assessed value of all of the property, other than personal
31 property, as finally determined for the assessment date immediately
32 preceding the effective date of the allocation provision, as adjusted
33 under section 39(h) of this chapter.

34 (b) The allocation fund established under section 39(b) of this
35 chapter for the allocation area for a program adopted under section 45
36 of this chapter may be used only for purposes related to the
37 accomplishment of the program, including the following:

- 38 (1) The construction, rehabilitation, or repair of residential units
39 within the allocation area.
- 40 (2) The construction, reconstruction, or repair of any
41 infrastructure (including streets, sidewalks, and sewers) within or
42 serving the allocation area.
- 43 (3) The acquisition of real property and interests in real property
44 within the allocation area.
- 45 (4) The demolition of real property within the allocation area.
- 46 (5) The provision of financial assistance to enable individuals and
47 families to purchase or lease residential units within the allocation

1 area. However, financial assistance may be provided only to those
 2 individuals and families whose income is at or below the county's
 3 median income for individuals and families, respectively.

4 (6) The provision of financial assistance to neighborhood
 5 development corporations to permit them to provide financial
 6 assistance for the purposes described in subdivision (5).

7 (7) Providing each taxpayer in the allocation area a credit for
 8 property tax replacement as determined under subsections (c) and
 9 (d). However, the commission may provide this credit only if the
 10 municipal legislative body (in the case of a redevelopment
 11 commission established by a municipality) or the county
 12 executive (in the case of a redevelopment commission established
 13 by a county) establishes the credit by ordinance adopted in the
 14 year before the year in which the credit is provided.

15 (c) The maximum credit that may be provided under subsection
 16 (b)(7) to a taxpayer in a taxing district that contains all or part of an
 17 allocation area established for a program adopted under section 45 of
 18 this chapter shall be determined as follows:

19 STEP ONE: Determine that part of the sum of the amounts
 20 described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2)
 21 through IC 6-1.1-21-2(g)(5) that is attributable to the taxing
 22 district.

23 STEP TWO: Divide:

24 (A) that part of each county's eligible property tax replacement
 25 amount (as defined in IC 6-1.1-21-2) for that year as
 26 determined under IC 6-1.1-21-4(a)(1) that is attributable to the
 27 taxing district; by

28 (B) the amount determined under STEP ONE.

29 STEP THREE: Multiply:

30 (A) the STEP TWO quotient; by

31 (B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in
 32 the taxing district allocated to the allocation fund, including
 33 the amount that would have been allocated but for the credit.

34 (d) The commission may determine to grant to taxpayers in an
 35 allocation area from its allocation fund a credit under this section, as
 36 calculated under subsection (c). ~~Except as provided in subsection (g);~~
 37 One-half (1/2) of the credit shall be applied to each installment of taxes
 38 (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and
 39 payable in a year. The commission must provide for the credit annually
 40 by a resolution and must find in the resolution the following:

41 (1) That the money to be collected and deposited in the allocation
 42 fund, based upon historical collection rates, after granting the
 43 credit will equal the amounts payable for contractual obligations
 44 from the fund, plus ten percent (10%) of those amounts.

45 (2) If bonds payable from the fund are outstanding, that there is
 46 a debt service reserve for the bonds that at least equals the amount
 47 of the credit to be granted.

(3) If bonds of a lessor under section 25.2 of this chapter or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 39(b) of this chapter, the allocation fund established under section 39(b) of this chapter for the allocation area for a program adopted under section 45 of this chapter may only be used to do one (1) or more of the following:

(1) Accomplish one (1) or more of the actions set forth in section 39(b)(2)(A) through 39(b)(2)(H) and 39(b)(2)(J) of this chapter for property that is residential in nature.

(2) Reimburse the county or municipality for expenditures made by the county or municipality in order to accomplish the housing program in that allocation area.

The allocation fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 39(b) of this chapter, the commission shall, relative to the allocation fund established under section 39(b) of this chapter for an allocation area for a program adopted under section 45 of this chapter, do the following before July 15 of each year:

(1) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary:

(A) to make, when due, principal and interest payments on bonds described in section 39(b)(2) of this chapter;

(B) to pay the amount necessary for other purposes described in section 39(b)(2) of this chapter; and

(C) to reimburse the county or municipality for anticipated expenditures described in subsection (e)(2).

(2) Notify the county auditor of the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 39(b)(1) of this chapter.

(g) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 61. IC 36-7-15.1-26.5, AS AMENDED BY

P.L.219-2007, SECTION 129, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 26.5. (a) As used in this section, "adverse determination" means a determination by the fiscal officer of the consolidated city that the granting of credits described in subsection (g) or (h) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund.

(b) As used in this section, "allocation area" has the meaning set forth in section 26 of this chapter.

(c) As used in this section, "special fund" refers to the special fund into which property taxes are paid under section 26 of this chapter.

(d) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(e) Except as provided in subsections (g), (h), ~~and (i) and (j)~~, each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that, under IC 6-1.1-22-9, are due and payable in that year. ~~Except as provided in subsection (j)~~, One-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 26 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the redevelopment district and paid into the special fund.

(f) The credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h), and (i), unless the credits under subsections (g) and (h) are partial credits, shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. Except as provided in subsections (h) and (i), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credits under subsections (e), (g), (h),

1 and (i) shall be combined on the tax statements sent to each taxpayer.

2 (g) This subsection applies to an allocation area if allocated taxes
3 from that area were pledged to bonds, leases, or other obligations of the
4 commission before May 8, 1989. A credit calculated using the method
5 provided in subsection (e) may be granted under this subsection. The
6 credit provided under this subsection is first applicable for the
7 allocation area for property taxes first due and payable in 1992. The
8 following apply to the determination of the credit provided under this
9 subsection:

10 (1) Before June 15 of each year, the fiscal officer of the
11 consolidated city shall determine and certify the following:

12 (A) All amounts due in the following year to the owners of
13 outstanding bonds payable from the allocation area special
14 fund.

15 (B) All amounts that are:

16 (i) required under contracts with bond holders; and

17 (ii) payable from the allocation area special fund to fund
18 accounts and reserves.

19 (C) An estimate of the amount of personal property taxes
20 available to be paid into the allocation area special fund under
21 section 26.9(c) of this chapter.

22 (D) An estimate of the aggregate amount of credits to be
23 granted if full credits are granted.

24 (2) Before June 15 of each year, the fiscal officer of the
25 consolidated city shall determine if the granting of the full amount
26 of credits in the following year would impair any contract with or
27 otherwise adversely affect the owners of outstanding bonds
28 payable from the allocation area special fund.

29 (3) If the fiscal officer of the consolidated city determines under
30 subdivision (2) that there would not be an impairment or adverse
31 effect:

32 (A) the fiscal officer of the consolidated city shall certify the
33 determination; and

34 (B) the full credits shall be applied in the following year,
35 subject to the determinations and certifications made under
36 section 26.7(b) of this chapter.

37 (4) If the fiscal officer of the consolidated city makes an adverse
38 determination under subdivision (2), the fiscal officer of the
39 consolidated city shall determine whether there is an amount of
40 partial credits that, if granted in the following year, would not
41 result in the impairment or adverse effect. If the fiscal officer
42 determines that there is an amount of partial credits that would
43 not result in the impairment or adverse effect, the fiscal officer
44 shall do the following:

45 (A) Determine the amount of the partial credits.

46 (B) Certify that determination.

47 (5) If the fiscal officer of the consolidated city certifies under

subdivision (4) that partial credits may be paid, the partial credits shall be applied pro rata among all affected taxpayers in the following year.

(6) An affected taxpayer may appeal any of the following to the circuit or superior court of the county in which the allocation area is located:

(A) A determination by the fiscal officer of the consolidated city that:

(i) credits may not be paid in the following year; or

(ii) only partial credits may be paid in the following year.

(B) A failure by the fiscal officer of the consolidated city to make a determination by June 15 of whether full or partial credits are payable under this subsection.

(7) An appeal of a determination must be filed not later than thirty (30) days after the publication of the determination.

(8) An appeal of a failure by the fiscal officer of the consolidated city to make a determination of whether the credits are payable under this subsection must be filed by July 15 of the year in which the determination should have been made.

(9) All appeals under subdivision (6) shall be decided by the court within sixty (60) days.

(h) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. A credit calculated using the method in subsection (e) and in subdivision (2) may be granted under this subsection. The following apply to the credit granted under this subsection:

(1) The credit is applicable to property taxes first due and payable in 1991.

(2) For purposes of this subsection, the amount of a credit for 1990 taxes payable in 1991 with respect to an affected taxpayer is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e); multiplied by

(B) the total amount of the property taxes payable by the taxpayer that were allocated in 1991 to the allocation area special fund under section 26 of this chapter.

(3) Before June 15, 1991, the fiscal officer of the consolidated city shall determine and certify an estimate of the aggregate amount of credits for 1990 taxes payable in 1991 if the full credits are granted.

(4) The fiscal officer of the consolidated city shall determine whether the granting of the full amounts of the credits for 1990 taxes payable in 1991 against 1991 taxes payable in 1992 and the granting of credits under subsection (g) would impair any contract with or otherwise adversely affect the owners of outstanding bonds payable from the allocation area special fund for an

1 allocation area described in subsection (g).

2 (5) If the fiscal officer of the consolidated city determines that
3 there would not be an impairment or adverse effect under
4 subdivision (4):

5 (A) the fiscal officer shall certify that determination; and

6 (B) the full credits shall be applied against 1991 taxes payable
7 in 1992 or the amount of the credits shall be paid to the
8 taxpayers as provided in subdivision (12), subject to the
9 determinations and certifications made under section 26.7(b)
10 of this chapter.

11 (6) If the fiscal officer of the consolidated city makes an adverse
12 determination under subdivision (4), the fiscal officer shall
13 determine whether there is an amount of partial credits for 1990
14 taxes payable in 1991 that, if granted against 1991 taxes payable
15 in 1992 in addition to granting of the credits under subsection (g),
16 would not result in the impairment or adverse effect.

17 (7) If the fiscal officer of the consolidated city determines under
18 subdivision (6) that there is an amount of partial credits that
19 would not result in the impairment or adverse effect, the fiscal
20 officer shall determine the amount of partial credits and certify
21 that determination.

22 (8) If the fiscal officer of the consolidated city certifies under
23 subdivision (7) that partial credits may be paid, the partial credits
24 shall be applied pro rata among all affected taxpayers against
25 1991 taxes payable in 1992.

26 (9) An affected taxpayer may appeal any of the following to the
27 circuit or superior court of the county in which the allocation area
28 is located:

29 (A) A determination by the fiscal officer of the consolidated
30 city that:

31 (i) credits may not be paid for 1990 taxes payable in 1991;
32 or

33 (ii) only partial credits may be paid for 1990 taxes payable
34 in 1991.

35 (B) A failure by the fiscal officer of the consolidated city to
36 make a determination by June 15, 1991, of whether credits are
37 payable under this subsection.

38 (10) An appeal of a determination must be filed not later than
39 thirty (30) days after the publication of the determination. Any
40 such appeal shall be decided by the court within sixty (60) days.

41 (11) An appeal of a failure by the fiscal officer of the consolidated
42 city to make a determination of whether credits are payable under
43 this subsection must be filed by July 15, 1991. Any such appeal
44 shall be decided by the court within sixty (60) days.

45 (12) If 1991 taxes payable in 1992 with respect to a parcel are
46 billed to the same taxpayer to which 1990 taxes payable in 1991
47 were billed, the county treasurer shall apply to the tax bill for

1991 taxes payable in 1992 both the credit provided under subsection (g) and the credit provided under this subsection, along with any credit determined to be applicable to the tax bill under subsection (i). In the alternative, at the election of the county auditor, the county may pay to the taxpayer the amount of the credit by May 10, 1992, and the amount shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(13) If 1991 taxes payable in 1992 with respect to a parcel are billed to a taxpayer other than the taxpayer to which 1990 taxes payable in 1991 were billed, the county treasurer shall do the following:

(A) Apply only the credits under subsections (g) and (i) to the tax bill for 1991 taxes payable in 1992.

(B) Give notice by June 30, 1991, by publication two (2) times in three (3) newspapers in the county with the largest circulation of the availability of a refund of the credit under this subsection.

A taxpayer entitled to a credit must file an application for refund of the credit with the county auditor not later than November 30, 1991.

(14) A taxpayer who files an application by November 30, 1991, is entitled to payment from the county treasurer in an amount that is in the same proportion to the credit provided under this subsection with respect to a parcel as the amount of 1990 taxes payable in 1991 paid by the taxpayer with respect to the parcel bears to the 1990 taxes payable in 1991 with respect to the parcel. This amount shall be paid to the taxpayer by May 10, 1992, and shall be charged to the taxing units in which the allocation area is located in the proportion of the taxing units' respective tax rates for 1990 taxes payable in 1991.

(i) This subsection applies to an allocation area if allocated taxes from that area were pledged to bonds, leases, or other obligations of the commission before May 8, 1989. The following apply to the credit granted under this subsection:

(1) A prior year credit is applicable to property taxes first due and payable in each year from 1987 through 1990 (the "prior years").

(2) The credit for each prior year is equal to:

(A) the amount of the quotient determined under STEP TWO of subsection (e) for the prior year; multiplied by

(B) the total amount of the property taxes paid by the taxpayer that were allocated in the prior year to the allocation area special fund under section 26 of this chapter.

(3) Before January 31, 1992, the county auditor shall determine the amount of credits under subdivision (2) with respect to each parcel in the allocation area for all prior years with respect to

1 which:

2 (A) taxes were billed to the same taxpayer for taxes payable in
3 each year from 1987 through 1991; or

4 (B) an application was filed by November 30, 1991, under
5 subdivision (8) for refund of the credits for prior years.

6 A report of the determination by parcel shall be sent by the county
7 auditor to the department of local government finance and the
8 budget agency within five (5) days of such determination.

9 (4) Before January 31, 1992, the county auditor shall determine
10 the quotient of the amounts determined under subdivision (3) with
11 respect to each parcel divided by six (6).

12 (5) Before January 31, 1992, the county auditor shall determine
13 the quotient of the aggregate amounts determined under
14 subdivision (3) with respect to all parcels divided by twelve (12).

15 (6) Except as provided in subdivisions (7) and (9), in each year in
16 which credits from prior years remain unpaid, credits for the prior
17 years in the amounts determined under subdivision (4) shall be
18 applied as provided in this subsection.

19 (7) If taxes payable in the current year with respect to a parcel are
20 billed to the same taxpayer to which taxes payable in all of the
21 prior years were billed and if the amount determined under
22 subdivision (3) with respect to the parcel is at least five hundred
23 dollars (\$500), the county treasurer shall apply the credits
24 provided for the current year under subsections (g) and (h) and
25 the credit in the amount determined under subdivision (4) to the
26 tax bill for taxes payable in the current year. However, if the
27 amount determined under subdivision (3) with respect to the
28 parcel is less than five hundred dollars (\$500) (referred to in this
29 subdivision as "small claims"), the county may, at the election of
30 the county auditor, either apply a credit in the amount determined
31 under subdivision (3) or (4) to the tax bill for taxes payable in the
32 current year or pay either amount to the taxpayer. If title to a
33 parcel transfers in a year in which a credit under this subsection
34 is applied to the tax bill, the transferor may file an application
35 with the county auditor within thirty (30) days of the date of the
36 transfer of title to the parcel for payments to the transferor at the
37 same times and in the same amounts that would have been
38 allowed as credits to the transferor under this subsection if there
39 had not been a transfer. If a determination is made by the county
40 auditor to refund or credit small claims in the amounts determined
41 under subdivision (3) in 1992, the county auditor may make
42 appropriate adjustments to the credits applied with respect to
43 other parcels so that the total refunds and credits in any year will
44 not exceed the payments made from the state property tax
45 replacement fund to the prior year credit fund referred to in
46 subdivision (11) in that year.

47 (8) If taxes payable in the current year with respect to a parcel are

1 billed to a taxpayer that is not a taxpayer to which taxes payable
 2 in all of the prior years were billed, the county treasurer shall do
 3 the following:

4 (A) Apply only the credits under subsections (g) and (h) to the
 5 tax bill for taxes payable in the current year.

6 (B) Give notice by June 30, 1991, by publication two (2) times
 7 in three (3) newspapers in the county with the largest
 8 circulation of the availability of a refund of the credit.

9 A taxpayer entitled to the credit must file an application for
 10 refund of the credit with the county auditor not later than
 11 November 30, 1991. A refund shall be paid to an eligible
 12 applicant by May 10, 1992.

13 (9) A taxpayer who filed an application by November 30, 1991,
 14 is entitled to payment from the county treasurer under subdivision
 15 (8) in an amount that is in the same proportion to the credit
 16 determined under subdivision (3) with respect to a parcel as the
 17 amount of taxes payable in the prior years paid by the taxpayer
 18 with respect to the parcel bears to the taxes payable in the prior
 19 years with respect to the parcel.

20 (10) In each year on May 1 and November 1, the state shall pay
 21 to the county treasurer from the state property tax replacement
 22 fund the amount determined under subdivision (5).

23 (11) All payments received from the state under subdivision (10)
 24 shall be deposited into a special fund to be known as the prior
 25 year credit fund. The prior year credit fund shall be used to make:

26 (A) payments under subdivisions (7) and (9); and

27 (B) deposits into the special fund for the application of prior
 28 year credits.

29 (12) All amounts paid into the special fund for the allocation area
 30 under subdivision (11) are subject to any pledge of allocated
 31 property tax proceeds made by the redevelopment district under
 32 section 26(d) of this chapter, including but not limited to any
 33 pledge made to owners of outstanding bonds of the
 34 redevelopment district of allocated taxes from that area.

35 (13) By January 15, 1993, and by January 15 of each year
 36 thereafter, the county auditor shall send to the department of local
 37 government finance and the budget agency a report of the
 38 receipts, earnings, and disbursements of the prior year credit fund
 39 for the prior calendar year. If in the final year that credits under
 40 subsection (i) are allowed any balance remains in the prior year
 41 credit fund after the payment of all credits payable under this
 42 subsection, such balance shall be repaid to the treasurer of state
 43 for deposit in the property tax replacement fund.

44 (14) In each year, the county shall limit the total of all refunds and
 45 credits provided for in this subsection to the total amount paid in
 46 that year from the property tax replacement fund into the prior
 47 year credit fund and any balance remaining from the preceding

1 year in the prior year credit fund.

2 (j) This subsection applies to an allocation area only to the extent
3 that the net assessed value of property that is assessed as residential
4 property under the rules of the department of local government finance
5 is not included in the base assessed value. If property tax installments
6 with respect to a homestead (as defined in IC 6-1.1-20-9-1) are due in
7 installments established by the department of local government finance
8 under IC 6-1.1-22-9-5, each taxpayer subject to those installments in an
9 allocation area is entitled to an additional credit under subsection (e)
10 for the taxes (as defined in IC 6-1.1-21-2) due in installments. The
11 credit shall be applied in the same proportion to each installment of
12 taxes (as defined in IC 6-1.1-21-2).

13 SECTION 62. IC 36-7-15.1-35, AS AMENDED BY P.L.219-2007,
14 SECTION 131, IS AMENDED TO READ AS FOLLOWS
15 [EFFECTIVE JANUARY 1, 2009]: Sec. 35. (a) Notwithstanding
16 section 26(a) of this chapter, with respect to the allocation and
17 distribution of property taxes for the accomplishment of a program
18 adopted under section 32 of this chapter, "base assessed value" means
19 the net assessed value of all of the land as finally determined for the
20 assessment date immediately preceding the effective date of the
21 allocation provision, as adjusted under section 26(g) of this chapter.
22 However, "base assessed value" does not include the value of real
23 property improvements to the land.

24 (b) The special fund established under section 26(b) of this chapter
25 for the allocation area for a program adopted under section 32 of this
26 chapter may be used only for purposes related to the accomplishment
27 of the program, including the following:

- 28 (1) The construction, rehabilitation, or repair of residential units
29 within the allocation area.
- 30 (2) The construction, reconstruction, or repair of infrastructure
31 (such as streets, sidewalks, and sewers) within or serving the
32 allocation area.
- 33 (3) The acquisition of real property and interests in real property
34 within the allocation area.
- 35 (4) The demolition of real property within the allocation area.
- 36 (5) To provide financial assistance to enable individuals and
37 families to purchase or lease residential units within the allocation
38 area. However, financial assistance may be provided only to those
39 individuals and families whose income is at or below the county's
40 median income for individuals and families, respectively.
- 41 (6) To provide financial assistance to neighborhood development
42 corporations to permit them to provide financial assistance for the
43 purposes described in subdivision (5).
- 44 (7) To provide each taxpayer in the allocation area a credit for
45 property tax replacement as determined under subsections (c) and
46 (d). However, this credit may be provided by the commission only
47 if the city-county legislative body establishes the credit by

ordinance adopted in the year before the year in which the credit is provided.

(c) The maximum credit that may be provided under subsection (b)(7) to a taxpayer in a taxing district that contains all or part of an allocation area established for a program adopted under section 32 of this chapter shall be determined as follows:

STEP ONE: Determine that part of the sum of the amounts described in IC 6-1.1-21-2(g)(1)(A) and IC 6-1.1-21-2(g)(2) through IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4(a)(1) that is attributable to the taxing district; by

(B) the amount determined under STEP ONE.

STEP THREE: Multiply:

(A) the STEP TWO quotient; by

(B) the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district allocated to the allocation fund, including the amount that would have been allocated but for the credit.

(d) ~~Except as provided in subsection (g);~~ The commission may determine to grant to taxpayers in an allocation area from its allocation fund a credit under this section, as calculated under subsection (c), by applying one-half (1/2) of the credit to each installment of taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in a year. ~~Except as provided in subsection (g);~~ One-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). The commission must provide for the credit annually by a resolution and must find in the resolution the following:

(1) That the money to be collected and deposited in the allocation fund, based upon historical collection rates, after granting the credit will equal the amounts payable for contractual obligations from the fund, plus ten percent (10%) of those amounts.

(2) If bonds payable from the fund are outstanding, that there is a debt service reserve for the bonds that at least equals the amount of the credit to be granted.

(3) If bonds of a lessor under section 17.1 of this chapter or under IC 36-1-10 are outstanding and if lease rentals are payable from the fund, that there is a debt service reserve for those bonds that at least equals the amount of the credit to be granted.

If the tax increment is insufficient to grant the credit in full, the commission may grant the credit in part, prorated among all taxpayers.

(e) Notwithstanding section 26(b) of this chapter, the special fund established under section 26(b) of this chapter for the allocation area for a program adopted under section 32 of this chapter may only be used to do one (1) or more of the following:

(1) Accomplish one (1) or more of the actions set forth in section 26(b)(2)(A) through 26(b)(2)(H) of this chapter.

(2) Reimburse the consolidated city for expenditures made by the city in order to accomplish the housing program in that allocation area.

The special fund may not be used for operating expenses of the commission.

(f) Notwithstanding section 26(b) of this chapter, the commission shall, relative to the special fund established under section 26(b) of this chapter for an allocation area for a program adopted under section 32 of this chapter, do the following before July 15 of each year:

(1) Determine the amount, if any, by which property taxes payable to the allocation fund in the following year will exceed the amount of property taxes necessary:

(A) to make, when due, principal and interest payments on bonds described in section 26(b)(2) of this chapter;

(B) to pay the amount necessary for other purposes described in section 26(b)(2) of this chapter; and

(C) to reimburse the consolidated city for anticipated expenditures described in subsection (e)(2).

(2) Notify the county auditor of the amount, if any, of excess property taxes that the commission has determined may be paid to the respective taxing units in the manner prescribed in section 26(b)(1) of this chapter.

~~(g) This subsection applies to an allocation area only to the extent that the net assessed value of property that is assessed as residential property under the rules of the department of local government finance is not included in the base assessed value. If property tax installments with respect to a homestead (as defined in IC 6-1.1-20-9-1) are due in installments established by the department of local government finance under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (d) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).~~

SECTION 63. IC 36-7-15.1-56, AS AMENDED BY P.L.219-2007, SECTION 133, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2009]: Sec. 56. (a) As used in this section, "allocation area" has the meaning set forth in section 53 of this chapter.

(b) As used in this section, "taxing district" has the meaning set forth in IC 6-1.1-1-20.

(c) Subject to subsection (e), ~~and except as provided in subsection (h);~~ each taxpayer in an allocation area is entitled to an additional credit for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due and payable in that year. ~~Except as provided in subsection (h);~~ One-half (1/2) of the credit shall be applied to each installment of taxes (as defined in IC 6-1.1-21-2). This credit equals the amount determined

under the following STEPS for each taxpayer in a taxing district that contains all or part of the allocation area:

STEP ONE: Determine that part of the sum of the amounts under IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3), IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to the taxing district.

STEP TWO: Divide:

(A) that part of each county's eligible property tax replacement amount (as defined in IC 6-1.1-21-2) for that year as determined under IC 6-1.1-21-4 that is attributable to the taxing district; by

(B) the STEP ONE sum.

STEP THREE: Multiply:

(A) the STEP TWO quotient; times

(B) the total amount of the taxpayer's taxes (as defined in IC 6-1.1-21-2) levied in the taxing district that would have been allocated to an allocation fund under section 53 of this chapter had the additional credit described in this section not been given.

The additional credit reduces the amount of proceeds allocated to the development district and paid into an allocation fund under section 53(b)(2) of this chapter.

(d) If the additional credit under subsection (c) is not reduced under subsection (e) or (f), the credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be computed on an aggregate basis for all taxpayers in a taxing district that contains all or part of an allocation area. The credit for property tax replacement under IC 6-1.1-21-5 and the additional credit under subsection (c) shall be combined on the tax statements sent to each taxpayer.

(e) Upon the recommendation of the commission, the excluded city legislative body may, by resolution, provide that the additional credit described in subsection (c):

(1) does not apply in a specified allocation area; or

(2) is to be reduced by a uniform percentage for all taxpayers in a specified allocation area.

(f) Whenever the excluded city legislative body determines that granting the full additional credit under subsection (c) would adversely affect the interests of the holders of bonds or other contractual obligations that are payable from allocated tax proceeds in that allocation area in a way that would create a reasonable expectation that those bonds or other contractual obligations would not be paid when due, the excluded city legislative body must adopt a resolution under subsection (e) to deny the additional credit or reduce it to a level that creates a reasonable expectation that the bonds or other obligations will be paid when due. A resolution adopted under subsection (e) denies or reduces the additional credit for property taxes first due and payable in

1 the allocation area in any year following the year in which the
2 resolution is adopted.

3 (g) A resolution adopted under subsection (e) remains in effect until
4 it is rescinded by the body that originally adopted it. However, a
5 resolution may not be rescinded if the rescission would adversely affect
6 the interests of the holders of bonds or other obligations that are
7 payable from allocated tax proceeds in that allocation area in a way that
8 would create a reasonable expectation that the principal of or interest
9 on the bonds or other obligations would not be paid when due. If a
10 resolution is rescinded and no other resolution is adopted, the
11 additional credit described in subsection (c) applies to property taxes
12 first due and payable in the allocation area in each year following the
13 year in which the resolution is rescinded.

14 ~~(h) This subsection applies to an allocation area only to the extent~~
15 ~~that the net assessed value of property that is assessed as residential~~
16 ~~property under the rules of the department of local government finance~~
17 ~~is not included in the base assessed value. If property tax installments~~
18 ~~with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in~~
19 ~~installments established by the department of local government finance~~
20 ~~under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an~~
21 ~~allocation area is entitled to an additional credit under subsection (c)~~
22 ~~for the taxes (as defined in IC 6-1.1-21-2) due in installments. The~~
23 ~~credit shall be applied in the same proportion to each installment of~~
24 ~~taxes (as defined in IC 6-1.1-21-2).~~

25 SECTION 64. IC 36-7-30-27, AS AMENDED BY P.L.219-2007,
26 SECTION 135, IS AMENDED TO READ AS FOLLOWS
27 [EFFECTIVE JANUARY 1, 2009]: Sec. 27. (a) As used in this section,
28 "allocation area" has the meaning set forth in section 25 of this chapter.

29 (b) As used in this section, "taxing district" has the meaning set
30 forth in IC 6-1.1-1-20.

31 (c) Subject to subsection (e), ~~and except as provided in subsection~~
32 ~~(h),~~ each taxpayer in an allocation area is entitled to an additional credit
33 for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due
34 and payable in that year. ~~Except as provided in subsection (h),~~ One-half
35 (1/2) of the credit shall be applied to each installment of taxes (as
36 defined in IC 6-1.1-21-2). This credit equals the amount determined
37 under the following STEPS for each taxpayer in a taxing district that
38 contains all or part of the allocation area:

39 STEP ONE: Determine that part of the sum of the amounts under
40 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
41 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to
42 the taxing district.

43 STEP TWO: Divide:

44 (A) that part of each county's eligible property tax replacement
45 amount (as defined in IC 6-1.1-21-2) for that year as
46 determined under IC 6-1.1-21-4 that is attributable to the
47 taxing district; by

- 1 (B) the STEP ONE sum.
- 2 STEP THREE: Multiply:
- 3 (A) the STEP TWO quotient; times
- 4 (B) the total amount of the taxpayer's taxes (as defined in
- 5 IC 6-1.1-21-2) levied in the taxing district that would have
- 6 been allocated to an allocation fund under section 25 of this
- 7 chapter had the additional credit described in this section not
- 8 been given.
- 9 The additional credit reduces the amount of proceeds allocated to the
- 10 military base reuse district and paid into an allocation fund under
- 11 section 25(b)(2) of this chapter.
- 12 (d) If the additional credit under subsection (c) is not reduced under
- 13 subsection (e) or (f), the credit for property tax replacement under
- 14 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
- 15 computed on an aggregate basis for all taxpayers in a taxing district
- 16 that contains all or part of an allocation area. The credit for property tax
- 17 replacement under IC 6-1.1-21-5 and the additional credit under
- 18 subsection (c) shall be combined on the tax statements sent to each
- 19 taxpayer.
- 20 (e) Upon the recommendation of the reuse authority, the municipal
- 21 legislative body (in the case of a reuse authority established by a
- 22 municipality) or the county executive (in the case of a reuse authority
- 23 established by a county) may by resolution provide that the additional
- 24 credit described in subsection (c):
- 25 (1) does not apply in a specified allocation area; or
- 26 (2) is to be reduced by a uniform percentage for all taxpayers in
- 27 a specified allocation area.
- 28 (f) If the municipal legislative body or county executive determines
- 29 that granting the full additional credit under subsection (c) would
- 30 adversely affect the interests of the holders of bonds or other
- 31 contractual obligations that are payable from allocated tax proceeds in
- 32 that allocation area in a way that would create a reasonable expectation
- 33 that those bonds or other contractual obligations would not be paid
- 34 when due, the municipal legislative body or county executive must
- 35 adopt a resolution under subsection (e) to deny the additional credit or
- 36 reduce the credit to a level that creates a reasonable expectation that
- 37 the bonds or other obligations will be paid when due. A resolution
- 38 adopted under subsection (e) denies or reduces the additional credit for
- 39 property taxes first due and payable in the allocation area in any year
- 40 following the year in which the resolution is adopted.
- 41 (g) A resolution adopted under subsection (e) remains in effect until
- 42 rescinded by the body that originally adopted the resolution. However,
- 43 a resolution may not be rescinded if the rescission would adversely
- 44 affect the interests of the holders of bonds or other obligations that are
- 45 payable from allocated tax proceeds in that allocation area in a way that
- 46 would create a reasonable expectation that the principal of or interest
- 47 on the bonds or other obligations would not be paid when due. If a

1 resolution is rescinded and no other resolution is adopted, the
 2 additional credit described in subsection (c) applies to property taxes
 3 first due and payable in the allocation area in each year following the
 4 year in which the resolution is rescinded.

5 ~~(h)~~ This subsection applies to an allocation area only to the extent
 6 that the net assessed value of property that is assessed as residential
 7 property under the rules of the department of local government finance
 8 is not included in the base assessed value. If property tax installments
 9 with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in
 10 installments established by the department of local government finance
 11 under IC 6-1.1-22-9.5; each taxpayer subject to those installments in an
 12 allocation area is entitled to an additional credit under subsection (c)
 13 for the taxes (as defined in IC 6-1.1-21-2) due in installments. The
 14 credit shall be applied in the same proportion to each installment of
 15 taxes (as defined in IC 6-1.1-21-2).

16 SECTION 65. IC 36-7-30.5-32, AS AMENDED BY P.L.219-2007,
 17 SECTION 138, IS AMENDED TO READ AS FOLLOWS
 18 [EFFECTIVE JANUARY 1, 2009]: Sec. 32. (a) As used in this section,
 19 "allocation area" has the meaning set forth in section 30 of this chapter.

20 (b) As used in this section, "taxing district" has the meaning set
 21 forth in IC 6-1.1-1-20.

22 (c) Subject to subsection (e), ~~and except as provided in subsection~~
 23 ~~(h)~~, each taxpayer in an allocation area is entitled to an additional credit
 24 for taxes (as defined in IC 6-1.1-21-2) that under IC 6-1.1-22-9 are due
 25 and payable in that year. ~~Except as provided in subsection (h)~~; One-half
 26 (1/2) of the credit shall be applied to each installment of taxes (as
 27 defined in IC 6-1.1-21-2). This credit equals the amount determined
 28 under the following STEPS for each taxpayer in a taxing district that
 29 contains all or part of the allocation area:

30 STEP ONE: Determine that part of the sum of the amounts under
 31 IC 6-1.1-21-2(g)(1)(A), IC 6-1.1-21-2(g)(2), IC 6-1.1-21-2(g)(3),
 32 IC 6-1.1-21-2(g)(4), and IC 6-1.1-21-2(g)(5) that is attributable to
 33 the taxing district.

34 STEP TWO: Divide:

35 (A) that part of each county's eligible property tax replacement
 36 amount (as defined in IC 6-1.1-21-2) for that year as
 37 determined under IC 6-1.1-21-4 that is attributable to the
 38 taxing district; by

39 (B) the STEP ONE sum.

40 STEP THREE: Multiply:

41 (A) the STEP TWO quotient; by

42 (B) the total amount of the taxpayer's taxes (as defined in
 43 IC 6-1.1-21-2) levied in the taxing district that would have
 44 been allocated to an allocation fund under section 30 of this
 45 chapter had the additional credit described in this section not
 46 been given.

47 The additional credit reduces the amount of proceeds allocated to the

1 military base development district and paid into an allocation fund
2 under section 30(b)(2) of this chapter.

3 (d) If the additional credit under subsection (c) is not reduced under
4 subsection (e) or (f), the credit for property tax replacement under
5 IC 6-1.1-21-5 and the additional credit under subsection (c) shall be
6 computed on an aggregate basis for all taxpayers in a taxing district
7 that contains all or part of an allocation area. The credit for property tax
8 replacement under IC 6-1.1-21-5 and the additional credit under
9 subsection (c) shall be combined on the tax statements sent to each
10 taxpayer.

11 (e) Upon the recommendation of the development authority, the
12 municipal legislative body of an affected municipality or the county
13 executive of an affected county may by resolution provide that the
14 additional credit described in subsection (c):

15 (1) does not apply in a specified allocation area; or

16 (2) is to be reduced by a uniform percentage for all taxpayers in
17 a specified allocation area.

18 (f) If the municipal legislative body or county executive determines
19 that granting the full additional credit under subsection (c) would
20 adversely affect the interests of the holders of bonds or other
21 contractual obligations that are payable from allocated tax proceeds in
22 that allocation area in a way that would create a reasonable expectation
23 that those bonds or other contractual obligations would not be paid
24 when due, the municipal legislative body or county executive must
25 adopt a resolution under subsection (e) to deny the additional credit or
26 reduce the credit to a level that creates a reasonable expectation that
27 the bonds or other obligations will be paid when due. A resolution
28 adopted under subsection (e) denies or reduces the additional credit for
29 property taxes first due and payable in the allocation area in any year
30 following the year in which the resolution is adopted.

31 (g) A resolution adopted under subsection (e) remains in effect until
32 rescinded by the body that originally adopted the resolution. However,
33 a resolution may not be rescinded if the rescission would adversely
34 affect the interests of the holders of bonds or other obligations that are
35 payable from allocated tax proceeds in that allocation area in a way that
36 would create a reasonable expectation that the principal of or interest
37 on the bonds or other obligations would not be paid when due. If a
38 resolution is rescinded and no other resolution is adopted, the
39 additional credit described in subsection (c) applies to property taxes
40 first due and payable in the allocation area in each year following the
41 year in which the resolution is rescinded.

42 ~~(h) This subsection applies to an allocation area only to the extent~~
43 ~~that the net assessed value of property that is assessed as residential~~
44 ~~property under the rules of the department of local government finance~~
45 ~~is not included in the base assessed value. If property tax installments~~
46 ~~with respect to a homestead (as defined in IC 6-1.1-20.9-1) are due in~~
47 ~~installments established by the department of local government finance~~

under IC 6-1.1-22-9.5, each taxpayer subject to those installments in an allocation area is entitled to an additional credit under subsection (c) for the taxes (as defined in IC 6-1.1-21-2) due in installments. The credit shall be applied in the same proportion to each installment of taxes (as defined in IC 6-1.1-21-2).

SECTION 66. THE FOLLOWING ARE REPEALED [EFFECTIVE JANUARY 1, 2009]: IC 6-1.1-12-41; IC 6-1.1-18.5-9.9; IC 6-1.1-20.4; IC 6-1.1-20.6-1; IC 6-1.1-20.6-2; IC 6-1.1-20.6-4; IC 6-1.1-20.6-5; IC 6-1.1-20.6-6; IC 6-1.1-20.6-6.5; IC 6-1.1-20.6-9; IC 6-1.1-21-5.5; IC 6-1.1-22-9.5; IC 6-1.1-37-10.5; IC 6-3-2-6; IC 6-3.1-20; IC 6-3.5-7-25; IC 6-3.5-7-25.5.

SECTION 67. [EFFECTIVE JANUARY 1, 2009] (a) The department of state revenue shall waive interest and penalties, as the department of state revenue determines appropriate, for an underpayment before July 30, 2008, of estimated taxes or wage withholding that is due solely to the effect of the amendment of IC 6-3-2-1 by this act.

(b) A taxpayer that is subject in a taxable year to different state adjusted gross income tax rates as a result of the amendment of IC 6-3-2-1 by this act shall pay taxes at each rate equal to the product of:

(1) the amount of adjusted gross income taxes that the taxpayer would owe if the particular tax rate had been imposed during the taxpayer's entire taxable year; multiplied by

(2) a fraction:

(A) the numerator of the fraction equals the number of days during the taxpayer's taxable year during which the tax rate was in effect; and

(B) the denominator of the fraction equals the total number of days in the taxpayer's taxable year.

The department of state revenue shall provide instructions to employers and taxpayers to implement this subsection.

(c) For purposes of:

(1) IC 6-2.5-2-2, as amended by this act;

(2) IC 6-2.5-6-7, as amended by this act;

(3) IC 6-2.5-6-8, as amended by this act;

(4) IC 6-2.5-6-10, as amended by this act;

(5) IC 6-2.5-7-3, as amended by this act; and

(6) IC 6-2.5-7-5, as amended by this act;

all transactions, except the furnishing of public utility, telephone, or cable television services and commodities by retail merchants described in IC 6-2.5-4-5, IC 6-2.5-4-6, and IC 6-2.5-4-11, shall be considered as having occurred after June 30, 2008, to the extent that delivery of the property or services constituting selling at retail is made after that date to the purchaser or to the place of delivery designated by the purchaser. However, a transaction shall be considered as having occurred before July 1, 2008, to the extent

1 that the agreement of the parties to the transaction was entered
2 into before July 1, 2008, and payment for the property or services
3 furnished in the transaction is made before July 1, 2008,
4 notwithstanding the delivery of the property or services after June
5 30, 2008.

6 (d) With respect to a transaction constituting the furnishing of
7 public utility, telephone, or cable television services and
8 commodities, only transactions for which the charges are collected
9 upon original statements and billings dated after October 31, 2008,
10 shall be considered as having occurred after June 30, 2008.

11 (e) The amendments made by this act to IC 6-3.5 apply to the
12 use of a certified distribution made to a county after December 31,
13 2008.

14 (f) Notwithstanding P.L.234-2007, the appropriation made to
15 the property tax replacement board for distributions to taxing
16 units under IC 6-1.1-21 is reduced by the amount that would have
17 been allocated for distributions after December 31, 2008, and
18 before July 1, 2009, to replace homestead credits if this act had not
19 been enacted, as determined by the budget agency.

20 (g) There is appropriated, beginning July 1, 2008, and ending
21 June 30, 2009, two hundred thirty-seven million two hundred
22 twenty-three thousand one hundred sixty dollars (\$237,223,160)
23 from the revenue replacement account of the county government
24 security trust fund to the department of state revenue to provide
25 distributions under IC 6-1.1-20.9, as amended by this act, to taxing
26 units in the first six (6) months of 2009. The restrictions placed by
27 P.L.234-2007 on the appropriation to the property tax replacement
28 fund board for distributions to taxing units under IC 6-1.1-21 do
29 not apply to the appropriation under this subsection.
30 Augmentation allowed (as defined in P.L.234-2007, SECTION 1).

1 **(h) This subsection applies to a county that is an adopting**
2 **county (as determined under IC 6-1.1-18.5-4). The department of**
3 **local government finance shall adjust the maximum permissible ad**
4 **valorem levy under IC 6-1.1-18.5-3 of each civil taxing unit in an**
5 **adopting county and the county's total county levy, as determined**
6 **under IC 6-1.1-21-2, to eliminate the effects of the amendment**
7 **made by this act to IC 6-3.5-1.1-11.**

8 **SECTION 68. An emergency is declared for this act.**

(Reference is to EHB 1001 as printed February 20, 2008.)

Senator HUME